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INDEX AND SUMMARY OF S. 3708

LEGISLATIVE HISTORY

Jan. 26, 1966 Both Houses received President's message on
 Jan. 26, 1966 Public Law 89-754
 June 23, 1966 S. 3708
 June 28, 1966 House committee voted to report S. 3708.
 July 13, 1966 House committee granted privilege to file report.
 July 18, 1966 House committee reported (during adjournment on
 July 15) H. R. 25890, with amendments. H. Report
 1979, Parts I and 2. Print of bill and reports.
 July 28, 1966 House committee submitted Part 2 of report on
 H. R. 25890. Print of report.

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Aug. 9, 1966 Senate Banking and Currency Committee reported
 S. 3708, as original bill. S. Report 1979.
 Aug. 18, 1966 Senate began debate on S. 3708.
 Aug. 19, 1966 Senate passed S. 3708 with amendments.
 Aug. 23, 1966 S. 3708 was referred to H. Banking and Currency
 Committee. Print of bill as referred.
 Aug. 31, 1966 House committee voted to report S. 3708.
 Sept. 1, 1966 House committee reported S. 3708 with an amend-
 ment. H. Report 1931. Print of bill and amend-
 ment.
 Sept. 22, 1966 House Rules Committee granted an open rule on
 S. 3708.
 Sept. 26, 1966 House Rules Committee reported resolution for the
 consideration of S. 3708.
 Oct. 13, 1966 House began debate on S. 3708.
 Oct. 14, 1966 House passed S. 3708 with amendments. House
 conferees were appointed.

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INDEX AND SUMMARY OF S. 3708

Jan.	26, 1966	Both Houses received President's message on demonstration cities program. H. Doc. 368. Print of document.
June	23, 1966	Rep. Patman introduced H. R. 15890 which was referred to House Banking and Currency Committee. Print of bill as introduced.
June	28, 1966	House committee voted to report H. R. 15890.
July	13, 1966	House committee granted permission to file report.
July	18, 1966	House committee reported (during adjournment on July 15) H. R. 15890, with amendments. H. Report 1699, Parts 1 and 2. Print of bill and reports.
July	28, 1966	House committee submitted Part 3 of report on H. R. 15890. Print of report.
Aug.	9, 1966	Senate Banking and Currency Committee reported S. 3708, an original bill. S. Report 1439. Print of bill and report.
Aug.	18, 1966	Senate began debate on S. 3708.
Aug.	19, 1966	Senate passed S. 3708 with amendments.
Aug.	22, 1966	S. 3708 was referred to H. Banking and Currency Committee. Print of bill as referred.
Aug.	31, 1966	House committee voted to report S. 3708.
Sept.	1, 1966	House committee reported S. 3708 with an amendment. H. Report 1931. Print of bill and report.
Sept.	22, 1966	House Rules Committee granted an open rule on S. 3708.
Sept.	26, 1966	House Rules Committee reported resolution for the consideration of S. 3708.
Oct.	13, 1966	House began debate on S. 3708.
Oct.	14, 1966	House passed S. 3708 with amendments. House conferees were appointed.
		H. R. 15890 was laid on table to the passage of S. 3708.

INDEX AND SUMMARY OF S. 3708, cont'd.

- Oct. 17, 1966 Senate conferees were appointed on S. 3708.
- Oct. 18, 1966 House received conference report on S. 3708.
H. Report 2301. Print of report.
- Senate agreed to conference report.
- Oct. 20, 1966 House agreed to conference report.
- Nov. 3, 1966 Approved: Public Law 89-754.

DIGEST OF PUBLIC LAW 89-754

DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT
ACT OF 1966. Title VIII of the Act broadens the authority of cities in Title V of the Housing Act of 1954 to permit the purchase of newly constructed buildings, extend the authority to make a loan on the basis of a contract to accept 502 applicants to other than senior citizens and also to applicants receiving average 500 loans. Loans from \$1,000 to \$1,500 the maximum amount of assistance that can be extended under section 502, permit cities to provide rental housing for low-income families and individuals who are less than 62 years old, and authorize cooperative housing to be financed with either direct or insured loans under section 502 of the Act, extend insured loans for rental housing to include rural areas and elderly who have moderate incomes, remove the 25% annual ceiling on new loans insured to families with low or moderate incomes and substitute an expiration date of October 1, 1969, and authorize rural housing loans to refinances under certain conditions.

DIGEST OF PUBLIC LAW 89-754

DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966. Title VIII of the Act broadens the authorities in Title V of the Housing Act of 1949 to permit the purchase of newly constructed buildings, extend the authority to make a loan on the basis of a cosigner to section 502 applicants to other than senior citizens and also to applicants receiving section 504 loans, increase from \$1,000 to \$1,500 the maximum amount of assistance that can be extended under section 504, permit direct loans to provide rental housing for low-income rural persons even though they are less than 62 years old, authorize cooperative housing to be financed with either direct or insured loans under section 515 of the Act, extend insured loans for rental housing to include rural non-elderly who have moderate incomes, remove the \$300 million annual ceiling on new loans insured to families with low or moderate incomes and substitute an expiration date of October 1, 1969, and authorize rural housing loans to refinance debts under certain conditions.

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued January 27, 1966
For actions of January 26, 1966
89th-2nd; No. 11

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HIGHLIGHTS: Senate received President's community development districts proposal. Sen. Proxmire criticized school-milk cut in budget. Sen. Mondale introduced and discussed food for peace bill. Sen. Case introduced and discussed egg marketing orders bill. Rep. Cooley introduced cotton research and promotion bill.

SENATE

1. **COMMUNITY DEVELOPMENT.** Received the President's message recommending legislation to provide for community development districts; to Agriculture and Forestry Committee (H. Doc. 367) (pp. 1108-10). Sen. Mondale commended the proposal (p. 1133).

Sen. McGee inserted an article by Bernard Kelly on how Little Bear Grange improved community life in Wyo. pp. 1131-3

2. SCHOOL MILK. Sen. Proxmire criticized the budget cut in this program. p. 1101
3. LEGISLATIVE REORGANIZATION. Agreed to S. Con. Res. 69, to provide funds for the Joint Committee on the Organization of Congress through December 1966. p. 1126
4. WATER. Sen. McGee inserted an article by Frank J. Trelease analyzing water rights of various levels of government. pp. 1145-9
Sen. Jackson inserted and discussed an article describing gains in salt-water research in foreign countries. pp. 1152-3
Sen. Moss deplored the "low level of the requests in the President's budget for water resource development." pp. 1159-60
5. FARM PROGRAM. Sen. Young, Ohio, inserted and commended the Vice President's speech on the farm program at the Ohio Farm Bureau meeting. pp. 1163-4
6. POVERTY. Sen. Douglas commended the Job Corps and inserted an article on this subject. pp. 1151-2
7. ELECTRIFICATION. Received the annual report of REA. p. 1110

HOUSE

8. URBAN DEVELOPMENT. Both Houses received the President's message on the proposed Demonstration Cities Act of 1966 to assist city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in these areas; to H. and S. Banking and Currency Committees. (H. Doc. 368) pp. 1055-8, 1101-5
Several Representatives commended the President's message. pp. 1058-60, 1065
9. TRADE FAIRS. Rep. Hall objected to consideration of H. R. 30, to provide for participation of the U. S. in the Inter-American Cultural and Trade Center in Dade Co., Fla., as passed by the Senate. p. 1055
10. FOREIGN TRADE. Rep. Dickinson criticized free world shipping to North Vietnam and urged the Government to take steps to halt such shipping. p. 1067
11. RURAL MAIL. Rep. Langen praised assurances he had received from the Post Office Department that they intended to improve rural mail service. p. 1069
12. ELECTRIFICATION. Rep. Moore stated his objections to a proposed AEC authorization for construction of a nuclear powerplant in cooperation with the Calif. Department of Water Resources, and contended that private industry should develop such facilities. pp. 1072-4
13. LEGISLATIVE ACCOMPLISHMENTS. Rep. Burton inserted the Vice President's address reviewing legislative accomplishments of the administration. pp. 1079-80
14. LEGISLATIVE PROGRAM. Rep. Albert stated that the only business for the remainder of the week would be money resolutions for various committees. p. 1072

CITY DEMONSTRATION PROGRAMS

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

RECOMMENDATIONS FOR CITY DEMONSTRATION PROGRAMS

JANUARY 26, 1966.—Referred to the Committee on Banking and Currency and ordered to be printed, with accompanying papers

To the Congress of the United States:

Nineteen hundred and sixty-six can be the year of rebirth for American cities. This Congress, and this people, can set in motion forces of change in great urban areas that will make them the masterpieces of our civilization. Fifty years from now our population will reach that of today's India. Our grandchildren will inhabit a world as different from ours, as ours is from the world of Jefferson.

None can predict the shape of their life with any certainty. Yet one thing is sure. It will be lived in cities. By the year 2000, four out of five Americans will live and work in a metropolitan area. We are not strangers to an urban world. We began our national life gathered in towns along the Atlantic seaboard. We built new commercial centers around the Great Lakes and in the Midwest, to serve our westward expansion. Forty million came from Europe to fuel our economy and enrich our community life. This century has seen the steady and rapid migration of farm families—seeking jobs and the promise of the city.

From this rich experience we have learned much. We know that cities can stimulate the best in man, and aggravate the worst.

We know the convenience of city life, and its paralysis. We know its promise, and its dark foreboding. What we may only dimly perceive is the gravity of the choice before us. Shall we make our

cities livable for ourselves and our posterity? Or shall we by timidity and neglect damn them to fester and decay?

If we permit our cities to grow without rational design; if we stand passively by, while the center of each can become a hive of deprivation, crime, and hopelessness; if we devour the countryside as though it were limitless, while our ruins—millions of tenement apartments and dilapidated houses—go unredeemed; if we become two people, the suburban affluent and the urban poor, each filled with mistrust and fear one for the other—if this is our desire and policy as a people, then we shall effectively cripple each generation to come. We shall as well condemn our own generation to a bitter paradox: an educated, wealthy, progressive people, who would not give their thoughts, their resources, or their wills to provide for their common well-being.

I do not believe such a fate is either necessary or inevitable. But I believe this will come to pass—unless we commit ourselves now to the planning, the building, the teaching, and the caring that alone can forestall it. That is why I am recommending today a massive demonstration cities program. I recommend that both the public and private sectors of our economy join to build in our cities and towns an environment for man equal to the dignity of his aspirations.

I recommend an effort larger in scope, more comprehensive, more concentrated—than any that has gone before.

THE WORK OF THE PAST

I know the work of the past three decades. I have shared in the forging of our Federal housing and renewal programs. I know what they have done for millions of urban Americans:

8 million single-family dwellings assisted by the Federal Housing Administration.

An additional 6.7 million assisted by the Veterans' Administration.

1.1 million multiple units created.

605,000 families moved out of decayed and unsanitary dwellings into decent public housing.

300,000 dwelling units supported under urban renewal.

Without these programs, the goal I recommend today would be impossible to achieve. Because Federal sponsorship is so effective a part of our system of homebuilding, we can conceive a far larger purpose than it has yet fulfilled. We must make use of every established housing program—and of social, educational, and economic instruments as well—if the demonstration cities program is to succeed.

THE PROBLEM TODAY

Our housing programs have built a platform, from which we may see how far away is the reborn city we desire. For there still remain:

Some 4 million urban families living in homes of such disrepair as to violate decent housing standards.

The need to provide over 30 percent more housing annually than we are currently building.

Our chronic inability to provide sufficient low- and moderate-income housing, of adequate quality, at a reasonable price.

The special problem of the poor and the Negro, unable to move freely from their ghettos, exploited in the quest for the necessities of life.

Increasing pressures on municipal budgets, with large city per capita expenditures rising 36 percent in the 3 years after 1960.

The high human costs: crime, delinquency, welfare loads, disease and health hazards. This is man's fate in those broken neighborhoods where he can "feel the enclosure of the flaking walls and see through the window the blackened reflection of the tenement across the street that blocks out the world beyond."

The tragic waste and, indeed, the chaos that threatens where children are born into the stifling air of overcrowded rooms, destined for a poor diet, inadequate schools, streets of fear and sordid temptation, joblessness, and the gray anxiety of the ill prepared.

And the flight to the suburbs of more fortunate men and women who might have provided the leadership and the means for reversing this human decline.

THE INADEQUATE RESPONSE

Since 1949, the urban renewal program has been our chief instrument in the struggle for a decent urban environment. Over 800 cities are participating in urban renewal programs. Undertaken and designed by the cities themselves, these efforts have had an increasing influence on the use of urban land. Last year the Congress wisely extended the authorization for urban renewal at a higher level than before.

Years of experience with urban renewal have taught us much about its strengths and weaknesses. Since 1961 we have made major alterations in its administration. We have made it more responsive to human needs. We have more vigorously enforced the requirement of a workable program for the entire community. Within the limits of current law, we have achieved considerable progress toward these goals.

Nevertheless the social and psychological effects of relocating the poor have not always been treated as what they are. They are the unavoidable consequences of slum clearance, demanding as much concern as physical redevelopment.

The size and scale of urban assistance has been too small, and too widely dispersed. Present programs are often prisoners of archaic and wasteful building practices. They have inhibited the use of modern technology. They have inflated the cost of rebuilding.

The benefits and efficiencies that can come from metropolitan planning are still unrealized in most urban regions. Insufficient resources cause extensive delays in many projects. The result is growing blight and overcrowding that thwart our best efforts to resist them.

The goals of major Federal programs have often lacked cohesiveness. Some work for the revitalization of the central city. Some accelerate suburban growth. Some unite urban communities. Some disrupt them.

URBAN DILEMMAS

Virtually every forward step we have taken has had its severe limitations. Each of those steps has involved a public choice, and created a public dilemma:

Major clearance and reconstruction, with its attendant hardships of relocation.

Relieving traffic congestion, thereby widening the gulf between the affluence of suburbia and the poverty of the city.

Involving urban residents in redeveloping their own areas, hence lengthening the time and increasing the cost of the job.

Preserving the autonomy of local agencies, thus crippling our efforts to attack regional problems on a regional basis.

These dilemmas cannot be completely resolved by any single program, no matter how well designed. The prize—cities of spacious beauty and lively promise, where men are truly free to determine how they will live—is too rich to be lost because the problems are complex.

Let there be debate over means and priorities. Let there be experiment with a dozen approaches, or a hundred. But let there be commitment to that goal.

WHAT IS REQUIRED

From the experience of three decades, it is clear to me that American cities require a program that will—

Concentrate our available resources—in planning tools, in housing construction, in job training, in health facilities, in recreation, in welfare programs, in education—to improve the conditions of life in urban areas.

Join together all available talent and skills in a coordinated effort.

Mobilize local leadership and private initiative, so that local citizens will determine the shape of their new city—freed from the constraints that have handicapped their past efforts and inflated their costs.

A DEMONSTRATION CITIES PROGRAM

I propose a demonstration cities program that will offer qualifying cities of all sizes the promise of a new life for their people.

I propose that we make massive additions to the supply of low- and moderate-cost housing.

I propose that we combine physical reconstruction and rehabilitation with effective social programs throughout the rebuilding process.

I propose that we achieve new flexibility in administrative procedures.

I propose that we focus all the techniques and talents within our society on the crisis of the American city.

It will not be simple to qualify for such a program. We have neither the means nor the desire to invest public funds in an expensive program whose net effects will be marginal, wasteful, or visible only only after protracted delay. We intend to help only those cities who help themselves. I propose these guidelines for determining a city's qualifications for the benefits—and achievements—of this program.

1. The demonstration should be of sufficient magnitude both in its physical and social dimensions to arrest blight and decay in entire

neighborhoods. It must make a substantial impact within the coming few years on the development of the entire city.

2. The demonstration should bring about a change in the total environment of the area affected. It must provide schools, parks, playgrounds, community centers, and access to all necessary community facilities.

3. The demonstration—from its beginning—should make use of every available social program. The human cost of reconstruction and relocation must be reduced. New opportunities for work and training must be offered.

4. The demonstration should contribute to narrowing the housing gap between the deprived and the rest of the community. Major additions must be made to the supply of sound dwellings. Equal opportunity in the choice of housing must be assured to every race.

5. The demonstration should offer maximum occasions for employing residents of the demonstration area in all phases of the program.

6. The demonstration should foster the development of local and private initiative and widespread citizen participation—especially from the demonstration area—in the planning and execution of the program.

7. The demonstration should take advantage of modern cost-reducing technologies without reducing the quality of the work. Neither the structure of real estate taxation, cumbersome building codes, nor inefficient building practices should deter rehabilitation or inflate project costs.

8. The demonstration should make major improvements in the quality of the environment. There must be a high quality of design in new buildings, and attention to man's need for open spaces and attractive landscaping.

9. The demonstration should make relocation housing available at costs commensurate with the incomes of those displaced by the project. Counseling services, moving expenses, and small business loans should be provided, together with assistance in job placement and retraining.

10. The demonstration should be managed in each demonstration city by a single authority with adequate powers to carry out and coordinate all phases of the program. There must be a serious commitment to the project on the part of local, and where appropriate, State authorities. Where required to carry out the plan, agreements should be reached with neighboring communities.

11. The demonstration proposal should offer proof that adequate municipal appropriations and services are available and will be sustained throughout the demonstration period.

12. The demonstration should maintain or establish a residential character in the area.

13. The demonstration should be consistent with existing development plans for the metropolitan areas involved. Transportation plans should coordinate every appropriate mode of city and regional transportation.

14. The demonstration should extend for an initial 6-year period. It should maintain a schedule for the expeditious completion of the project.

These guidelines will demand the full cooperation of government at every level and of private citizens in each area. I believe our Federal

system is creative enough to inspire that cooperative effort. I know it must be so creative if it is to prosper and flourish.

SIZE OF THE PROGRAM

The program I recommend is intended to eliminate blight in the entire demonstration area. Through efficient rebuilding it must replace that blight with attractive and economic housing, social services, and community facilities.

There are many ways by which this can be done, once the commitment has been made to do it. Total clearance and reconstruction; partial clearance and rehabilitation; rehabilitation alone—any of these methods may be chosen by local citizens. Whatever approach is selected, however, must be comprehensive enough to be effective and economic.

There are few cities or towns in America which could not participate in the demonstration cities program. We shall take special care to see that urban communities of all sizes are included. For each such community, the impact of the program will be significant, involving as much as 15 to 20 percent of the existing substandard structures.

For the largest qualifying cities a relatively modest program could provide decent housing for approximately 5,000 families now living in substandard dwelling units. It could rehabilitate other marginal housing sufficient to affect 50,000 people. A typical program could well involve a total of 35,000 units or 100,000 people.

For cities of approximately 100,000 people, 1,000 families could be rehoused and 3,000 units rehabilitated, affecting a total of 10,000 people.

BENEFITS OF THE PROGRAM

I recommend that participating cities receive two types of Federal assistance:

First, *the complete array of all available grants and urban aids* in the fields of housing, renewal, transportation, education, welfare, economic opportunity, and related programs.

Second, *special grants amounting to 80 percent of the non-Federal cost of our grant-in-aid programs included in the demonstration.* These grants are to supplement the efforts of local communities. They are not to be substituted for those efforts.

In every qualifying city, a Federal coordinator would be assigned to assist local officials in bringing together all the relevant Federal resources.

Once authorized, the supplemental funds would be made available in a common account. They would be drawn at the discretion of the community to support the program. They would be certified by the Federal coordinator.

It is vital that incentives be granted for cost reductions achieved during the performance of the program.

At least as vital as the dollar commitment for rebuilding and rehabilitation is the social program commitment. We must link our concern for the total welfare of the person, with our desire to improve the physical city in which he lives. For the first time, social and construction agencies would be joined in a massive common effort, responsive to a common local authority.

There is another benefit—not measurable in dollars, or even in the extended range of social services—that qualifying cities would secure by participating in this program.

It is a sense of hope—

That the city is not beyond reach of redemption by men of good will.

That through wise planning, cooperation, hard work, and the sacrifice of those outmoded codes and practices that make widespread renewal impossibly expensive today, it is possible to reverse the city's decline.

That knowledge, that confidence, that hope can make all the difference in the decade ahead.

FEDERAL COST

Funds are required in the first year to assist our cities in the preparation of demonstration plans. We should not underestimate the problems involved in achieving such a plan. The very scale of the demonstration, its widespread and profound effects on the social and physical structure of the city, calls for marshaling the city's planning and administrative resources on an unprecedented scale.

I estimate the appropriate Federal contribution to this planning effort at \$12 million. For the supplemental demonstration grants I will recommend appropriations, over a 6-year period, totaling over \$2.3 billion, or an average of some \$400 million per year.

It is impossible to estimate exactly—but it is necessary to consider—the rising cost of welfare services, crime prevention, unemployment, and declining property values that will plague all governments, local, State, and Federal, if we do not move quickly to heal and revitalize our cities.

METROPOLITAN PLANNING

The success of each demonstration will depend on the quality of its planning, and the degree of cooperation it elicits from the various governmental bodies concerned, as well as from private interests.

Most metropolitan areas conduct some degree of metropolitan planning now. The Federal Government has made funds available throughout the country so that State and local planning agencies might devise—many for the first time—comprehensive plans for metropolitan areas.

I recommend improvements and extensions of this program. The Congress enacted them recognizing that the problems of growth, transportation, housing, and public services cannot be considered by one entity of government alone.

The absence of cooperation between contiguous areas is wasteful. It is also blind to the reality of urban life. What happens in the central city, or the suburb, is certain to affect the quality of life in the other.

The widespread demand for these funds has resulted in their being spread thinly across the 50 States. Thus, the benefits of a truly coordinated attack on metropolitan problems have not generally been realized.

INCENTIVES TO ORDERLY METROPOLITAN DEVELOPMENT

Over the past 5 years, the Congress has authorized Federal grants for urban mass transportation, open space, and sewer and water facilities. The Congress has required that such projects be consistent with comprehensive planning for an entire urban or metropolitan area. The Federal Government has thus not only helped our localities to provide the facilities they need; it has also stimulated cooperation and joint planning among neighboring jurisdictions.

But more remains to be done. The powerful forces of urban growth threaten to overwhelm efforts to achieve orderly development. A metropolitan plan should be an instrument for shaping sound urban growth—not a neglected document.

I now propose a new incentive to help assure that metropolitan plans achieve their potential.

The Federal Government should bear a larger share of the total cost of related Federal aid programs. This share would be borne where local jurisdictions show that they are ready to be guided by their own plans in working out the patterns of their own development and where they establish the joint institutional arrangements necessary to carry out those plans.

DEMONSTRATIONS OF EFFECTIVE PLANNING

I propose that a series of demonstrations in effective metropolitan planning be undertaken promptly.

Metropolitan areas would be selected to return the broadest possible data and experience to Federal, State, and local governments. They should therefore be of varying size and environment, in widely separated locations. They would be selected to assure that their benefits reach small communities surrounding the large cities.

Advanced techniques and approaches should be employed. There must be—

- Balanced consideration of physical and human development programs.

- Coordinated treatment of the regional transportation network.

- Technical innovations, such as metropolitan data banks and systems analysis.

- New educational and training programs.

- New arrangements for coordinating decisions of the various local governments involved.

I estimate the cost of the demonstrations at \$6,500,000.

I shall impose on the new Department of Housing and Urban Development the continuing responsibility to stimulate effective planning. If local governments do not plan cooperatively and sufficiently in advance of inevitable urban growth, even adequate funds and an aggressive determination to improve our cities cannot succeed.

HOUSING FOR ALL

The programs I have proposed—in rebuilding large areas of our cities, and in metropolitan planning—are essential for the rebirth of urban America.

Yet at the center of the cities' housing problem lies racial discrimination. Crowded miles of inadequate dwellings—poorly maintained

and frequently overpriced—is the lot of most Negro Americans in many of our cities. Their avenue of escape to a more attractive neighborhood is often closed, because of their color.

The Negro suffers from this, as do his children. So does the community at large. Where housing is poor, schools are generally poor. Unemployment is widespread. Family life is threatened. The community's welfare burden is steadily magnified. These are the links in the chain of racial discrimination.

This administration is working to break that chain—through aid to education, medical care, community action programs, job retraining, and the maintenance of a vigorous economy.

The time has come when we should break one of its strongest links—the often subtle but always effective force of housing discrimination. The impacted racial ghetto will become a thing of the past only when the Negro American can move his family wherever he can afford to do so.

I shall, therefore, present to the Congress at an early date legislation to bar racial discrimination in the sale or rental of housing.

NEW COMMUNITIES

Our existing urban centers, however revitalized, cannot accommodate all the urban Americans of the next generation.

Three million new residents are added each year to our present urban population. The growth of new communities is inevitable. Unless they are to be casual parts of a general urban sprawl, a new approach to their design is required.

We must—

- Enlarge the entire scale of the building process;

- Make possible new efficiencies in construction, land development, and municipal services;

- Relieve population densities;

- Offer a variety of homes to a wide range of incomes.

These communities must also provide an environment harmonious to man's needs. They must offer adequate transportation systems, attractive community buildings, and open spaces free from pollution. They must retain much of the natural beauty of the landscape.

The private sector must continue its prominent role in new community development. As I recommended to the Congress last year, mortgage insurance should be made available for sites and community facilities for entire new communities.

It is apparent that new communities will spring into being near an increasing number of major metropolitan areas. Some, already in existence, promise dramatic efficiencies through size and new construction techniques, without sacrificing beauty. Obviously such a development should be encouraged. I recommend that the Congress provide the means of doing so.

RENT SUPPLEMENT PROGRAM

Rarely has a new housing program evoked such a dramatic and positive response as the rent supplement program. The Department of Housing and Urban Affairs has already received preliminary proposals from sponsors to construct nearly 70,000 low-income units under this program as soon as funds become available. The pro-

posals involve 424 projects in 265 localities in 43 States, the District of Columbia, and Puerto Rico. The sponsors have already selected sites for some 40,000 of these units. The interested groups are about equally divided between nonprofit organizations and private limited dividend developers.

The need for this program is obvious. It is the need of the poor and the disadvantaged. The demand for the means to meet this need by private enterprise is demonstrated by the figures I have just cited.

I strongly urge the Congress to pass a supplementary appropriation to fund the rent supplement program at the \$30 million level it has authorized in the Housing and Urban Development Act of 1965.

MASS TRANSPORTATION PROGRAM

We must continue to help our communities meet their increasing needs for mass transportation facilities. For this purpose, I propose an additional 1-year authorization for the urban mass transportation program.

THE NEW DEPARTMENT

No Federal program can be effective unless the agency that administers it is efficient. This is even more crucial for programs that call for comprehensive approaches at both the Federal and local level.

Progress was made after 1961 toward unifying the Housing and Home Finance Agency. But the very nature of that Agency limited the extent to which its several parts could be welded into a truly unified whole. Its Administrator lacked the statutory basis for gaining full control over partially independent agencies.

With this in mind, I requested—and you enacted—legislation to create a Department of Housing and Urban Development. As a result, the Secretary of the new Department now has the authority and the machinery for implementing the new programs I have asked for. I see five ways by which he can do this:

1. He can organize the Department so that its emphasis will be upon meeting modern urban needs—rather than fitting new programs into old and outworn patterns.
2. He can strengthen the regional structure so that more decisions can be made in the field.
3. He can assert effective leadership throughout the Department.
4. He can mesh together all our social and physical efforts to improve urban living.
5. He can assume leadership among intergovernmental agencies dealing with urban problems.

Such a Department, and such leadership, will be worthy of the program I recommend you adopt.

A YEAR OF REBIRTH

The evidence is all about us that to be complacent about the American city is to invite, at best, inconvenience; at worst, a divided nation.

The programs I have proposed in this message will require a determined commitment of our energy and a substantial commitment of our funds. Yet these programs are well within our resources. Nor do they compare in cost with the ugliness, hostility, and hopelessness

of unlivable cities. What would it mean to begin now, and to bring about the rebirth of our cities?

It would mean—

A more tolerable and a more hopeful life for millions of Americans.

The possibility of retaining middle-income families in the city, and even attracting some to return.

Improving the cities' tax base at a time of heavy strain on city budgets.

Ultimately reducing welfare costs.

Avoiding the unnecessary waste of human resources.

Giving to both urban and suburban families the freedom to choose where they will live.

A clean room and a patch of sky for every person, a chance to live near an open space, and to reach it on a safe street.

As Thomas Wolfe wrote, "to every man his chance—to every man, regardless of his birth, his shining, golden opportunity—to every man the right to live, to work, to be himself, and to become whatever thing his manhood and his vision can combine to make him—this * * * is the promise of America."

I believe these are among the most profound aspirations of our people. I want to make them part of our destiny.

I urge the Congress promptly to adopt the Demonstration Cities Act of 1966. If we begin now the planning from which action will flow, the hopes of the 20th century will become the realities of the 21st.

LYNDON B. JOHNSON.

THE WHITE HOUSE, *January 26, 1966.*

A BILL To assist city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in these areas

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Demonstration Cities Act of 1966".

FINDINGS AND DECLARATION OF PURPOSE

SEC. 2. The Congress hereby finds and declares that improving the quality of urban life is the most critical domestic problem facing the United States. The persistence of widespread urban slums and blight, the concentration of persons of low income in older urban areas, and the unmet needs for additional housing and community facilities and services arising from rapid expansion of our urban population have resulted in a marked deterioration in the environment of large numbers of our people while the Nation as a whole prospers.

The Congress further finds and declares that cities, both large and small, do not have adequate resources to deal effectively with the critical problems facing them, and that additional Federal assistance is essential to enable cities to plan, develop, and conduct programs to improve their physical environment, increase their supply of adequate housing for low- and moderate-income people, and provide educational and social services vital to health and welfare.

It is the purpose of this Act to provide additional financial and technical assistance to enable cities, both large and small, to plan, develop, and carry out programs to rebuild or revitalize large slum and blighted areas and expand and improve public programs and services available to the people who live in such areas.

It is further the purpose of this Act to provide the additional financial aid needed to enable cities to participate more effectively in existing Federal assistance programs.

It is further the purpose of this Act to assist cities to coordinate activities aided under existing Federal programs with other public and private actions in

order to provide the most effective and economical concentration of Federal, State, local, and private efforts to improve the quality of urban life.

BASIC AUTHORITY

SEC. 3. The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to make grants and provide technical assistance, as provided by this Act, to enable city demonstration agencies (as herein defined) to plan, develop, and carry out comprehensive city demonstration programs.

COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

SEC. 4. (a) A "comprehensive city demonstration program" is a locally prepared and scheduled program for rebuilding or restoring entire sections and neighborhoods of slum and blighted areas through the concentrated and coordinated use of all available Federal aids and local private and governmental resources, including citywide aids and resources necessary to improve the general welfare of the people living or working in the areas.

(b) A comprehensive city demonstration program is eligible for assistance under sections 6, 8, and 9 only if the Secretary determines that—

(1) the program is of sufficient magnitude in both physical and social dimensions (i) to remove or arrest blight and decay in entire sections or neighborhoods, (ii) to provide a substantial increase in the supply of standard housing of low and moderate cost, (iii) to make marked progress in serving the poor and disadvantaged people living in slum and blighted areas with a view to reducing educational disadvantages, disease, and enforced idleness, and (iv) to make a substantial impact on the sound development of the entire city;

(2) the rebuilding or restoration of sections or neighborhoods in accordance with the program will contribute to a well-balanced city with adequate public facilities (including those needed for transportation, education, and recreation), commercial facilities adequate to serve the residential areas, good access to industrial or other centers of employment, and housing for all income levels;

(3) the program provides for educational and social services necessary to serve the poor and disadvantaged in the area, widespread citizen participation in the program, maximum opportunities for employing residents of the area in all phases of the program, and enlarged opportunity for work and training;

(4) adequate local resources are, or will be, available for the completion of the program as scheduled;

(5) administrative machinery is available for carrying out the program on a consolidated and coordinated basis, the local governing body has approved the program, and local agencies whose cooperation is necessary to the success of the program have indicated their intent to furnish such cooperation;

(6) there exists a relocation plan meeting the requirements of the regulations referred to in section 9;

(7) the program is designed to assure maximum opportunity in the choice of housing accommodations by all citizens; and

(8) the program meets such additional requirements as the Secretary may establish to carry out the purposes of this Act.

(c) In making the determinations under subsection (b), the Secretary shall give maximum consideration to whether—

(1) substantive local laws, regulations, and other requirements are, or can be expected to be, consistent with the objectives of the program;

(2) the program will enhance neighborhoods by applying a high standard of design and will, as appropriate, maintain distinctive natural, historical, and cultural characteristics;

(3) the program is designed to make maximum use of new and improved technology and design, including cost reduction techniques;

(4) the program will encourage good community relations and counteract the segregation of housing by race or income; and

(5) the program is consistent with comprehensive planning for the entire urban or metropolitan area.

FINANCIAL ASSISTANCE FOR PLANNING COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

SEC. 5. (a) The Secretary is authorized to make grants to, and to contract with, city demonstration agencies to pay 90 per centum of the costs of planning and developing comprehensive city demonstration programs.

(b) Financial assistance will be provided under this section only if (1) the application for such assistance has been approved by the local governing body of the city, and (2) the Secretary has determined that there exist (i) administrative machinery through which coordination of all related planning activities of local agencies can be achieved and (ii) evidence that necessary cooperation of agencies engaged in related local planning can be obtained.

FINANCIAL ASSISTANCE FOR APPROVED COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

SEC. 6. (a) The Secretary shall review plans for comprehensive city demonstration programs in order to determine that (1) such plans satisfy the criteria for such programs set forth in section 4, and (2) the various projects or activities to be undertaken in connection with such programs are scheduled to be initiated within a reasonably short period of time.

(b) The Secretary is authorized to make grants to, and to contract with, city demonstration agencies to pay 80 per centum of the costs of administering approved comprehensive city demonstration programs, but not the cost of administering any project or activity assisted under a Federal grant-in-aid program.

(c) To assist the city to carry out the projects or activities included within an approved comprehensive city demonstration program, the Secretary is authorized to make grants to the city demonstration agency of not to exceed 80 per centum of the aggregate amount of non-Federal contributions otherwise required to be made to all projects or activities assisted by Federal grant-in-aid programs: *Provided*, That the amount of non-Federal contribution required for each project in a Federal grant-in-aid program shall be certified to the Secretary by the Federal department or agency (other than the Department of Housing and Urban Development) administering such program, and the Secretary shall accept such determination in computing the grants hereunder.

(d) Grant funds provided pursuant to subsection (c) of this section may be used for projects or activities assisted under a Federal grant-in-aid program which are undertaken as part of an approved comprehensive city demonstration program, or for other projects or activities undertaken as part of such demonstration program. If used for projects or activities assisted under a Federal grant-in-aid program which are undertaken as part of such demonstration program, funds provided pursuant to subsection (c) shall be credited as part or all of the required non-Federal contribution to such projects or activities.

(e) The Secretary shall not make any grant under this section unless he has obtained satisfactory assurances that the locality will maintain, during the period an approved comprehensive city demonstration program is being carried out, a level of aggregate expenditures for activities similar to those being assisted under this section not less than the level of aggregate expenditures for such activities prior to initiation of the comprehensive city demonstration program.

OFFICE OF THE FEDERAL COORDINATOR

SEC. 7. There shall be established for each locality having an approved comprehensive city demonstration program an office to be known as the office of the Federal coordinator headed by a director who shall be designated by the Secretary. The director shall perform such functions as the Secretary shall from time to time prescribe with respect to helping achieve the maximum effective coordination of Federal grant-in-aid programs undertaken in connection with comprehensive city demonstration programs. Nothing in this section shall be construed to vest in the Secretary any authority to exercise or delegate any function or duty vested by law in any department or agency of the Federal Government other than the Department of Housing and Urban Development.

TECHNICAL ASSISTANCE

SEC. 8. The Secretary is authorized to undertake such activities as he determines to be desirable to provide, either directly or by contracts or other arrangements, technical assistance to city demonstration agencies to assist such agencies

in planning, developing, and administering comprehensive city demonstration programs.

RELOCATION REQUIREMENTS AND PAYMENTS

SEC. 9. (a) A comprehensive city demonstration program must include a plan for the relocation of individuals, families, business concerns, and nonprofit organizations displaced or to be displaced in carrying out the city demonstration program. The relocation plan shall be consistent with regulations prescribed by the Secretary to assure that (1) the provisions and procedures included in the plan meet relocation standards equivalent to those prescribed under section 105(c) of the Housing Act of 1949 with respect to urban renewal projects assisted under title I of that Act, and (2) relocation activities are coordinated to the maximum extent feasible with the increase in the supply of decent, safe, and sanitary housing for families and individuals of low or moderate income, as provided under the comprehensive city demonstration program, or otherwise, in order to best maintain the available supply of such housing for all such families and individuals throughout the city.

(b) To the extent not otherwise authorized under any Federal law, financial assistance extended to a comprehensive city demonstration agency under section 6 shall include grants to cover the full cost of relocation payments, as herein defined. Such grants shall be in addition to other financial assistance extended to such agency under section 6.

The term "relocation payments" means payments by a comprehensive city demonstration agency to a displaced individual, family, business concern, or nonprofit organization which are made on such terms and conditions and subject to such limitations (to the extent applicable, but not including the date of displacement) as are provided for relocation payments, at the time such payments are approved, by section 114 (b), (c), (d), and (e) of the Housing Act of 1949 with respect to projects assisted under title I thereof.

(c) Subsection (b) shall not be applicable with respect to any displacement occurring prior to the date of the enactment of this Act.

CONTINUED AVAILABILITY OF FEDERAL GRANT-IN-AID PROGRAM

SEC. 10. Notwithstanding any other provision of law, unless hereafter enacted expressly in limitation of the provisions of this section, funds appropriated for a Federal grant-in-aid program which are reserved for any projects or activities assisted under such grant-in-aid program undertaken in connection with an approved comprehensive city demonstration program shall remain available until expended when so provided in appropriation acts.

CONSULTATION

SEC. 11. In carrying out the provisions of this Act, including the issuance of regulations, the Secretary shall consult with other Federal departments and agencies administering Federal grant-in-aid programs. The Secretary shall consult with each Federal department and agency affected by each comprehensive city demonstration program before entering into a commitment to make grants for such program under section 6.

APPROPRIATIONS

SEC. 12. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act. Appropriations authorized under this Act shall remain available until expended when so provided in appropriation acts.

DEFINITIONS

SEC. 13. As used in this Act—

(a) "Federal grant-in-aid program" means a program of Federal financial assistance other than loans and other than the assistance provided by this Act.

(b) "City demonstration agency" means the city or any local public agency established or designated by the local governing body to administer the comprehensive city demonstration program.

(c) "City" means any municipality (or two or more municipalities acting jointly) or, with respect to urban areas outside of incorporated municipalities, any county or other public body (or two or more acting jointly) having general governmental powers.

(d) "Local" agencies include State agencies and instrumentalities providing services or resources to a city or locality, and "local" resources include those provided to a city or locality by a State or its agency or instrumentality.

TERMINATION OF AUTHORITY

SEC. 14. (a) This Act and all authority conferred thereunder shall terminate at the close of June 30, 1971: *Provided*, That the functions, powers, duties, and authorities vested in the Secretary under this Act may be retained by the Secretary for the purpose of liquidating the affairs and functions conducted under this Act.

(b) The termination of this Act shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into pursuant to this Act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this Act.



The resolution was agreed to.
A motion to reconsider was laid on the table.

U.S. PARTICIPATION IN THE INTER-AMERICAN CULTURAL AND TRADE CENTER IN DADE COUNTY, FLA.

Mr. FASCELL. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 30) to provide for participation of the United States in the Inter-American Cultural and Trade Center in Dade County, Fla., and for other purposes.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 20, strike out "February 15, 1966," and insert "May 15, 1966,".

Page 4, line 19, strike out "\$11,000,000" and insert "\$7,500,000".

Page 5, lines 3 and 4, strike out "1967, 1968, 1969, and 1970" and insert "1968 and 1969".

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

Mr. HALL. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

DEMONSTRATION CITIES ACT OF 1966—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 368)

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Banking and Currency and ordered to be printed:

To the Congress of the United States:

The year 1966 can be the year of rebirth for American cities.

This Congress, and this people, can set in motion forces of change in great urban areas that will make them the masterpieces of our civilization.

Fifty years from now our population will reach that of today's India. Our grandchildren will inhabit a world as different from ours, as ours is from the world of Jefferson.

None can predict the shape of their life with any certainty. Yet one thing is sure. It will be lived in cities. By the year 2000, four out of five Americans will live and work in a metropolitan area.

We are not strangers to an urban world.

We began our national life gathered in towns along the Atlantic seaboard. We built new commercial centers around the Great Lakes and in the Midwest, to serve our westward expansion.

Forty millions came from Europe to fuel our economy and enrich our community life. This century has seen the steady and rapid migration of farm families—seeking jobs and the promise of the city.

From this rich experience we have learned much.

We know that cities can stimulate the best in man, and aggravate the worst.

We know the convenience of city life, and its paralysis.

We know its promise, and its dark foreboding.

What we may only dimly perceive is the gravity of the choice before us.

Shall we make our cities livable for ourselves and our posterity? Or shall we by timidity and neglect damn them to fester and decay?

If we permit our cities to grow without rational design; if we stand passively by, while the center of each city becomes a hive of deprivation, crime, and hopelessness; if we devour the countryside as though it were limitless, while our ruins—millions of tenement apartments and dilapidated houses—go unredeemed; if we become two people—the suburban affluent and the urban poor, each filled with mistrust and fear one for the other; if this is our desire and policy as a people, then we shall effectively cripple each generation to come.

We shall as well condemn our own generation to a bitter paradox; an educated, wealthy, progressive people, who would not give their thoughts, their resources, or their wills to provide for their common well-being.

I do not believe such a fate is either necessary or inevitable. But I believe this will come to pass—unless we commit ourselves now to the planning, the building, the teaching and the caring that alone can forestall it.

That is why I am recommending today a massive demonstration cities program. I recommend that both the public and private sectors of our economy join to build in our cities and towns an environment for man equal to the dignity of his aspirations.

I recommend an effort larger in scope, more comprehensive, more concentrated—than any that has gone before.

THE WORK OF THE PAST

I know the work of the past three decades. I have shared in the forging of our Federal housing and renewal programs. I know what they have done for millions of urban Americans:

Eight million single family dwellings assisted by the Federal Housing Administration.

An additional 6.7 million assisted by the Veterans' Administration.

One million, one hundred thousand multiple units created; 605,000 families moved out of decayed and unsanitary dwellings into decent public housing; 300,000 dwelling units supported under urban renewal.

Without these programs, the goal I recommend today would be impossible to achieve. Because Federal sponsorship is so effective a part of our system of homebuilding, we can conceive a far larger purpose than it has yet fulfilled. We must make use of every established housing program—and of social, educational, and economic instruments as well—if the demonstration cities program is to succeed.

THE PROBLEM TODAY

Our housing programs have built a platform, from which we may see how far away is the reborn city we desire. For there still remain: some 4 million urban families living in homes of such disrepair as to violate decent housing

standards; the need to provide over 30 percent more housing annually than we are currently building; our chronic inability to provide sufficient low- and moderate-income housing, of adequate quality, at a reasonable price; the special problem of the poor and the Negro, unable to move freely from their ghettos, exploited in the quest for the necessities of life; increasing pressures on municipal budgets, with large city per capita expenditures rising 36 percent in the 3 years after 1960.

The high human costs: crime, delinquency, welfare loads, disease and health hazards. This is man's fate in those broken neighborhoods where he can "feel the enclosure of the flaking walls and see through the window the blackened reflection of the tenement across the street that blocks out the world beyond"; the tragic waste and, indeed, the chaos that threatens where children are born into the stifling air of overcrowded rooms, destined for a poor diet, inadequate schools, streets of fear and sordid temptation, joblessness, and the gray anxiety of the ill-prepared; and the flight to the suburbs of more fortunate men and women, who might have provided the leadership and the means for reversing this human decline.

THE INADEQUATE RESPONSE

Since 1949, the urban renewal program has been our chief instrument in the struggle for a decent urban environment.

Over 800 cities are participating in urban renewal programs. Undertaken and designed by the cities themselves, these efforts have had an increasing influence on the use of urban land. Last year the Congress wisely extended the authorization for urban renewal, at a higher level than before.

Years of experience with urban renewal have taught us much about its strengths and weaknesses.

Since 1961 we have made major alterations in its administration. We have made it more responsive to human needs. We have more vigorously enforced the requirement of a workable program for the entire community. Within the limits of current law, we have achieved considerable progress toward these goals.

Nevertheless the social and psychological effects of relocating the poor have not always been treated as what they are. They are the unavoidable consequences of slum clearance, demanding as much concern as physical redevelopment.

The size and scale of urban assistance has been too small, and too widely dispersed.

Present programs are often prisoners of archaic and wasteful building practices. They have inhibited the use of modern technology. They have inflated the cost of rebuilding.

The benefits and efficiencies that can come from metropolitan planning are still unrealized in most urban regions.

Insufficient resources cause extensive delays in many projects. The result is growing blight and overcrowding that thwart our best efforts to resist them.

The goals of major Federal programs have often lacked cohesiveness. Some

work for the revitalization of the central city. Some accelerate suburban growth. Some unite urban communities. Some disrupt them.

URBAN DILEMMAS

Virtually every forward step we have taken has had its severe limitations. Each of those steps has involved a public choice, and created a public dilemma: major clearance and reconstruction, with its attendant hardships of relocation; relieving traffic congestion, thereby widening the gulf between the affluence of suburbia and the poverty of the city; involving urban residents in redeveloping their own areas, hence lengthening the time and increasing the cost of the job; preserving the autonomy of local agencies, thus crippling our efforts to attack regional problems on a regional basis.

These dilemmas cannot be completely resolved by any single program, no matter how well designed. The prize—cities of spacious beauty and lively promise, where men are truly free to determine how they will live—is too rich to be lost because the problems are complex.

Let there be debate over means and priorities.

Let there be experiment with a dozen approaches, or a hundred.

But let there be commitment to that goal.

WHAT IS REQUIRED

From the experience of three decades, it is clear to me that American cities require a program that will: concentrate our available resources—in planning tools, in housing construction, in job training, in health facilities, in recreation, in welfare programs, in education—to improve the conditions of life in urban areas; join together all available talent and skills in a coordinated effort; mobilize local leadership and private initiative, so that local citizens will determine the shape of their new city—freed from the constraints that have handicapped their past efforts and inflated their costs.

A DEMONSTRATION CITIES PROGRAM

I propose a demonstration cities program that will offer qualifying cities of all sizes the promise of a new life for their people.

I propose that we make massive additions to the supply of low- and moderate-cost housing.

I propose that we combine physical reconstruction and rehabilitation with effective social programs throughout the rebuilding process.

I propose that we achieve new flexibility in administrative procedures.

I propose that we focus all the techniques and talents within our society on the crisis of the American city.

It will not be simple to qualify for such a program. We have neither the means nor the desire to invest public funds in an expensive program whose net effects will be marginal, wasteful, or visible only after protracted delay.

We intend to help only those cities who help themselves.

I propose these guidelines for determining a city's qualifications for the benefits—and achievements—of this program.

First. The demonstration should be of sufficient magnitude both in its physical

and social dimensions to arrest blight and decay in entire neighborhoods. It must make a substantial impact within the coming few years on the development of the entire city.

Second. The demonstration should bring about a change in the total environment of the area affected. It must provide schools, parks, playgrounds, community centers, and access to all necessary community facilities.

Third. The demonstration—from its beginning—should make use of every available social program. The human cost of reconstruction and relocation must be reduced. New opportunities for work and training must be offered.

Fourth. The demonstration should contribute to narrowing the housing gap between the deprived and the rest of the community. Major additions must be made to the supply of sound dwellings. Equal opportunity in the choice of housing must be assured to every race.

Fifth. The demonstration should offer maximum occasions for employing residents of the demonstration area in all phases of the program.

Sixth. The demonstration should foster the development of local and private initiative and widespread citizen participation—especially from the demonstration area—in the planning and execution of the program.

Seventh. The demonstration should take advantage of modern cost-reducing technologies without reducing the quality of the work. Neither the structure of real estate taxation, cumbersome building codes, nor inefficient building practices should deter rehabilitation or inflate project costs.

Eighth. The demonstration should make major improvements in the quality of the environment. There must be a high quality of design in new buildings, and attention to man's need for open spaces and attractive landscaping.

Ninth. The demonstration should make relocation housing available at costs commensurate with the incomes of those displaced by the project. Counseling services, moving expenses, and small business loans should be provided, together with assistance in job placement and retraining.

Tenth. The demonstration should be managed in each demonstration city by a single authority with adequate powers to carry out and coordinate all phases of the program. There must be a serious commitment to the project on the part of local, and where appropriate, State authorities. Where required to carry out the plan, agreements should be reached with neighboring communities.

Eleventh. The demonstration proposal should offer proof that adequate municipal appropriations and services are available and will be sustained throughout the demonstration period.

Twelfth. The demonstration should maintain or establish a residential character in the area.

Thirteenth. The demonstration should be consistent with existing development plans for the metropolitan areas involved. Transportation plans should coordinate every appropriate mode of city and regional transportation.

Fourteenth. The demonstration should

extend for an initial 6-year period. It should maintain a schedule for the expeditious completion of the project.

These guidelines will demand the full cooperation of government at every level and of private citizens in each area. I believe our Federal system is creative enough to inspire that cooperative effort. I know it must be so creative if it is to prosper and flourish.

SIZE OF THE PROGRAM

The program I recommend is intended to eliminate blight in the entire demonstration area. Through efficient rebuilding it must replace that blight with attractive and economic housing, social services, and community facilities.

There are many ways by which this can be done, once the commitment has been made to do it. Total clearance and reconstruction; partial clearance and rehabilitation; rehabilitation alone—any of these methods may be chosen by local citizens.

Whatever approach is selected, however, must be comprehensive enough to be effective and economic.

There are few cities or towns in America which could not participate in the demonstration cities program. We shall take special care to see that urban communities of all sizes are included. For each such community, the impact of the program will be significant, involving as much as 15 to 20 percent of the existing substandard structures.

For the largest qualifying cities a relatively modest program could provide decent housing for approximately 5,000 families now living in substandard dwelling units. It could rehabilitate other marginal housing sufficient to affect 50,000 people. A typical program could well involve a total of 35,000 units or 100,000 people.

For cities of approximately 100,000 people, 1,000 families could be rehoused, and 3,000 units rehabilitated, affecting a total of 10,000 people.

BENEFITS OF THE PROGRAM

I recommend that participating cities receive two types of Federal assistance:

First. The complete array of all available grants and urban aids in the fields of housing, renewal, transportation, education, welfare, economic opportunity, and related programs.

Second. Special grants amounting to 80 percent of the non-Federal cost of our grant-in-aid programs included in the demonstration. These grants are to supplement the efforts of local communities. They are not to be substituted for those efforts.

In every qualifying city, a Federal coordinator would be assigned to assist local officials in bringing together all the relevant Federal resources.

Once authorized, the supplemental funds would be made available in a common account. They would be drawn at the discretion of the community to support the program. They would be certified by the Federal coordinator.

It is vital that incentives be granted for cost reductions achieved during the performance of the program.

At least as vital as the dollar commitment for rebuilding and rehabilitation is the social program commitment. We

must link our concern for the total welfare of the person, with our desire to improve the physical city in which he lives. For the first time, social and construction agencies would be joined in a massive common effort, responsive to a common local authority.

There is another benefit—not measurable in dollars, or even in the extended range of social services—that qualifying cities would secure by participating in this program.

It is a sense of hope: that the city is not beyond reach of redemption by men of good will; that through wise planning, cooperation, hard work, and the sacrifice of those outmoded codes and practices that make widespread renewal impossibly expensive today, it is possible to reverse the city's decline.

That knowledge, that confidence, that hope can make all the difference in the decade ahead.

FEDERAL COST

Funds are required in the first year to assist our cities in the preparation of demonstration plans. We should not underestimate the problems involved in achieving such a plan. The very scale of the demonstration, its widespread and profound effects on the social and physical structure of the city, calls for marshaling the city's planning and administrative resources on an unprecedented scale.

I estimate the appropriate Federal contribution to this planning effort at \$12 million.

For the supplemental demonstration grants I will recommend appropriations, over a 6-year period, totaling over \$2.3 billion, or an average of some \$400 million per year.

It is impossible to estimate exactly—but it is necessary to consider—the rising cost of welfare services, crime prevention, unemployment and declining property values that will plague all governments, local, State, and Federal, if we do not move quickly to heal and revitalize our cities.

METROPOLITAN PLANNING

The success of each demonstration will depend on the quality of its planning, and the degree of cooperation it elicits from the various governmental bodies concerned, as well as from private interests.

Most metropolitan areas conduct some degree of metropolitan planning now. The Federal Government has made funds available throughout the country so that State and local planning agencies might devise—many for the first time—comprehensive plans for metropolitan areas.

I recommend improvements and extensions of this program. The Congress enacted them recognizing that the problems of growth, transportation, housing, and public services cannot be considered by one entity of Government alone.

The absence of cooperation between contiguous areas is wasteful. It is also blind to the reality of urban life. What happens in the central city, or the suburb, is certain to affect the quality of life in the other.

The widespread demand for these funds has resulted in their being spread thinly across the 50 States. Thus, the

benefits of a truly coordinated attack on metropolitan problems have not generally been realized.

INCENTIVES TO ORDERLY METROPOLITAN DEVELOPMENT

Over the past 5 years, the Congress has authorized Federal grants for urban mass transportation, open space, and sewer and water facilities. The Congress has required that such projects be consistent with comprehensive planning for an entire urban or metropolitan area.

The Federal Government has thus not only helped our localities to provide the facilities they need. It has also stimulated cooperation and joint planning among neighboring jurisdictions.

But more remains to be done. The powerful forces of urban growth threaten to overwhelm efforts to achieve orderly development. A metropolitan plan should be an instrument for shaping sound urban growth—not a neglected document.

I now propose a new incentive to help assure that metropolitan plans achieve their potential.

The Federal Government should bear a larger share of the total cost of related Federal aid programs. This share would be borne where local jurisdictions show that they are ready to be guided by their own plans in working out the patterns of their own development and where they establish the joint institutional arrangements necessary to carry out those plans.

DEMONSTRATIONS OF EFFECTIVE PLANNING

I propose that a series of demonstrations in effective metropolitan planning be undertaken promptly.

Metropolitan areas would be selected to return the broadest possible data and experience to Federal, State, and local governments. They should therefore be of varying size and environment, in widely separated locations. They would be selected to assure that their benefits reach small communities surrounding the large cities.

Advanced techniques and approaches should be employed. There must be balanced consideration of physical and human development programs; coordinated treatment of the regional transportation network; technical innovations, such as metropolitan data banks and systems analysis; new educational and training programs; new arrangements for coordinating decisions of the various local governments involved.

I estimate the cost of the demonstrations at \$6,500,000.

I shall impose on the new Department of Housing and Urban Development the continuing responsibility to stimulate effective planning. If local governments do not plan cooperatively and sufficiently in advance of inevitable urban growth, even adequate funds and an aggressive determination to improve our cities cannot succeed.

HOUSING FOR ALL

The programs I have proposed—in rebuilding large areas of our cities, and in metropolitan planning—are essential for the rebirth of urban America.

Yet at the center of the cities' housing problem lies racial discrimination. Crowded miles of inadequate dwellings—

poorly maintained and frequently overpriced—is the lot of most Negro Americans in many of our cities. Their avenue of escape to a more attractive neighborhood is often closed, because of their color.

The Negro suffers from this, as do his children. So does the community at large. Where housing is poor, schools are generally poor. Unemployment is widespread. Family life is threatened. The community's welfare burden is steadily magnified. These are the links in the chain of racial discrimination.

This administration is working to break that chain—through aid to education, medical care, community action programs, job retraining, and the maintenance of a vigorous economy.

The time has come when we should break one of its strongest links—the often subtle, but always effective force of housing discrimination. The impacted racial ghetto will become a thing of the past only when the Negro American can move his family wherever he can afford to do so.

I shall, therefore, present to the Congress at an early date legislation to bar racial discrimination in the sale or rental of housing.

NEW COMMUNITIES

Our existing urban centers, however revitalized, cannot accommodate all the urban Americans of the next generation.

Three million new residents are added each year to our present urban population. The growth of new communities is inevitable. Unless they are to be casual parts of a general urban sprawl, a new approach to their design is required.

We must: enlarge the entire scale of the building process; make possible new efficiencies in construction, land development, and municipal services; relieve population densities; offer a variety of homes to a wide range of incomes.

These communities must also provide an environment harmonious to man's needs.

They must offer adequate transportation systems, attractive community buildings, and open spaces free from pollution. They must retain much of the natural beauty of the landscape.

The private sector must continue its prominent role in new community development. As I recommended to the Congress last year, mortgage insurance should be made available for sites and community facilities for entire new communities.

It is apparent that new communities will spring into being near an increasing number of major metropolitan areas. Some, already in existence, promise dramatic efficiencies through size and new construction techniques, without sacrificing beauty. Obviously such a development should be encouraged. I recommend that the Congress provide the means of doing so.

RENT SUPPLEMENT PROGRAM

Rarely has a new housing program evoked such a dramatic and positive response as the rent supplement program.

The Department of Housing and Urban Affairs has already received preliminary proposals from sponsors to construct nearly 70,000 low-income units

under this program as soon as funds become available.

The proposals involve 424 projects in 265 localities in 43 States, the District of Columbia, and Puerto Rico. The sponsors have already selected sites for some 40,000 of these units. The interested groups are about equally divided between nonprofit organizations and private limited dividend developers.

The need for this program is obvious. It is the need of the poor and the disadvantaged. The demand for the means to meet this need by private enterprise is demonstrated by the figures I have just cited.

I strongly urge the Congress to pass a supplementary appropriation to fund the rent supplement program at the \$30 million level it has authorized in the Housing and Urban Development Act of 1965.

MASS TRANSPORTATION PROGRAM

We must continue to help our communities meet their increasing needs for mass transportation facilities. For this purpose, I propose an additional 1-year authorization for the urban mass transportation program.

THE NEW DEPARTMENT

No Federal program can be effective unless the agency that administers it is efficient. This is even more crucial for programs that call for comprehensive approaches at both the Federal and local level.

Progress was made after 1961 toward unifying the Housing and Home Finance Agency. But the very nature of that agency limited the extent to which its several parts could be welded into a truly unified whole. Its Administrator lacked the statutory basis for gaining full control over partially independent agencies.

With this in mind, I requested—and you enacted—legislation to create a Department of Housing and Urban Development.

As a result, the Secretary of the new Department now has the authority and the machinery for implementing the new programs I have asked for.

I see five ways by which he can do this: First. He can organize the Department so that its emphasis will be upon meeting modern urban needs—rather than fitting new programs into old and outworn patterns.

Second. He can strengthen the regional structure so that more decisions can be made in the field.

Third. He can assert effective leadership throughout the Department.

Fourth. He can mesh together all our social and physical efforts to improve urban living.

Fifth. He can assume leadership among intergovernmental agencies dealing with urban problems.

Such a Department, and such leadership, will be worthy of the program I recommend you adopt.

A YEAR OF REBIRTH

The evidence is all about us that to be complacent about the American city is to invite, at best, inconvenience; at worst, a divided Nation.

The programs I have proposed in this message will require a determined com-

mitment of our energy and a substantial commitment of our funds.

Yet these programs are well within our resources. Nor do they compare in cost with the ugliness, hostility, and hopelessness of unlivable cities.

What would it mean to begin now, and to bring about the rebirth of our cities?

It would mean: a more tolerable and a more hopeful life for millions of Americans; the possibility of retaining middle-income families in the city, and even attracting some to return; improving the cities' tax base, at a time of heavy strain on city budgets; ultimately reducing welfare costs; avoiding the unnecessary waste of human resources; giving to both urban and suburban families the freedom to choose where they will live; a clean room and a patch of sky for every person, a chance to live near an open space, and to reach it on a safe street.

As Thomas Wolfe wrote:

To every man his chance—to every man, regardless of his birth, his shining, golden opportunity—to every man the right to live, to work, to be himself, and to become whatever thing his manhood and his vision can combine to make him—this * * * is the promise of America.

I believe these are among the most profound aspirations of our people. I want to make them part of our destiny.

I urge the Congress promptly to adopt the Demonstration Cities Act of 1966. If we begin now the planning from which action will flow, the hopes of the 20th century will become the realities of the 21st.

LYNDON B. JOHNSON.

THE WHITE HOUSE, January 26, 1966.

DEMONSTRATION CITIES

(Mr. PATMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PATMAN. Mr. Speaker, I wish to voice my full support for the President's proposal of a concerted, massive thrust against blight, poverty, and decay in great areas of our urban centers.

I refer to President Johnson's bold plan to move, in large areas of our central cities, with all the means at hand and uproot the causes and consequences of physical decay and human degradation once and for all. In this way, we can demonstrate that revitalization of our cities, and the simultaneous redemption and rehabilitation of the people who live in run-down areas, need not wait on piecemeal-efforts which take decades or generations. It can be done now—if we will only make full concerted use of the resources we have today.

The President's new plan is simple in concept. It calls for no new programs to deal with separate problems. It calls, rather, for the full use of all the measures we already have, but applied jointly and in concert to the basic problems of a blighted area.

It means human and physical rehabilitation at one and the same time. It means a full-scale plan of action for the

needs of the area and the needs of the people. It brings together our resources of renewal, education, employment, housing, and social help in one combined assault.

The plan is for Federal help to make it possible for urban communities, large and small, to mount a major attack of this kind. Federal funds will be used to do a thorough-going job of planning on an all-out program to deal with all aspects of human and physical blight in large urban areas.

The President's plan proposes fighting blight on a new and larger scale—in areas that may involve as many as 100,000 people in a large city—or as few as 10,000 in a smaller sized town.

It would place Federal resources under a joint command to accomplish this objective. It calls on our local communities, likewise, to think in larger terms, and to place their resources under a common direction for the same end.

It is time, I think, that we start on such a scale and with full force to move against the basic problem of blight and its many causes. The President's proposal offers the means. If we really mean to get it done, this is the way to do the job.

MESSAGE ON CITIES

(Mr. ALBERT asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. ALBERT. Mr. Speaker, President Johnson's message on the cities outlines several needs of the urban areas of America that are yet to be met. He proposes new plans and programs to make urban development fit into the achievement of our overall objective of the Great Society.

The plans and programs proposed by the President are not idle dreams. They are highly practical, and based on long study and experience.

The President's proposal for rebuilding central cities suggests harnessing existing programs and activities of various Federal agencies and directing them in a more coordinated manner. He would add to these programs additional assistance for planning. The cities would contribute to their own rebuilding, but only an amount that is within their ability to pay. By these actions we can restore to the central city the tax resources and the industry and commerce that are essential to its prosperity.

The President would also provide the assistance to mass transportation that is needed if workers are to travel to and from our cities in a minimum of time, and with the least cost and inconvenience.

The President's message reports the great interest of private organizations in providing housing for low-income families with the assistance of rent supplements. I believe a fair trial will prove that this program, authorized by the 1965 Housing Act, is practical and that it will be successful in housing low-income families at least possible cost to the taxpayers.

These are only a few of the significant proposals made by the President in his various messages to the Congress on the cities and urban development.

I am sure the Congress will lose no time in giving them consideration so they can be put to work immediately.

DEMONSTRATION CITIES

(Mr. BOGGS (at the request of Mr. ALBERT) was given permission to extend his remarks at this point in the RECORD.)

Mr. BOGGS. Mr. Speaker, President Johnson's proposals for a concentrated effort to eliminate blight and decay from the centers of our towns and cities is, to my mind, one of the most important and promising recommendations in recent years.

Billions of dollars of public and private funds are now going into the redevelopment of our cities. Concentration of all these efforts, under coordinated plans and direction, instead of separately as unrelated forays on physical and human blight, will produce a total effort far more valuable than the sum of its separate parts.

As the President points out, many things can be accomplished by such a concerted effort which would be impossible without it.

The way to reverse blight and decay, far more quickly and on a lasting basis, is to alter the total environment at one time, instead of trying to do it bit by bit, without plan or coordination.

We can work effectively with, not just for, people whose lives are affected, enabling them to become a creative part of their own urban community.

We can stimulate and implement local initiative and citizen participation in a community's future.

We can develop, in these areas, laboratories for exploring stubborn problems of technology, real estate taxation, building codes, and inefficiency in construction and rehabilitation.

We can develop new and higher levels of design and quality in housing, in area planning, in preservation of open spaces.

We can serve the individual needs and problems of people directly, with counseling and with social and economic help. We can reduce the human cost of urban development.

We can, especially, bring about a consolidation within a community of its own resources, and those of the surrounding area.

The President has offered us a comprehensive plan for doing a difficult job. It is one of the most important proposals now before us and I trust that the committee will bring work immediately. I urge support of these proposals.

RENT SUPPLEMENTS

(Mr. BARRETT (at the request of Mr. ALBERT) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BARRETT. Mr. Speaker, in his message on the cities, President Johnson has forcefully brought to our attention a

basic fact of urban life that must be reckoned with: we do not have enough decent housing for the people who live in our cities. Nor are we preparing enough decent housing for the millions more who will be living there tomorrow.

Decent housing is the fundamental factor in building livable urban communities. Yet millions are now forced to live in slums, ghettos, or rundown housing because there is nothing else they can afford.

As the President also points out, however, we can have a lot more good housing for these low-income people if we want it and act to get it. Local sponsors and private developers are waiting for our word to build it.

Last year we enacted the rent supplement program to help provide this kind of housing. But we did not give it any money. Now the President asks for quick action to provide funds to put that program to work.

The President informs us that sponsors have already presented preliminary proposals to the FHA for the building of nearly 70,000 low-income units under this program. More than half of these—involved 40,000 units, already have sites available or optioned. This demand is nationwide—coming from 265 localities in 43 States, the District of Columbia, and Puerto Rico. The sponsors are both nonprofit organizations and private investors building for limited dividend returns.

This remarkable response to such a new program is highly encouraging.

I urge this body to move promptly to provide the full amount of funding for the rent supplement program. Our people need this housing now. They are looking to us to provide it. We should delay no longer.

CITIES

(Mrs. SULLIVAN (at the request of Mr. ALBERT) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mrs. SULLIVAN. Mr. Speaker, when President Johnson signed the bill creating a new Department of Housing and Urban Development, he noted that we were "taking the first step toward organizing our system for a more rational response to the pressing challenge of urban life."

The Department is now in existence.

It has the leadership of Robert C. Weaver, who comes to us with impressive credentials and fine support. It has many good programs which it inherited from the Housing and Home Finance Agency, particularly the excellent legislation of the Housing Act of 1965.

Now we are ready to move ahead with even bolder steps. They are embodied in the legislation which the President has asked us to consider in this second session.

This legislation moves away from the piecemeal, and toward the comprehensive.

Foremost is the demonstration city program which will combine Federal aid

with local programs and local initiative to rebuild entirely the central city and slum areas of several American cities.

Under another Department-scale program, demonstration grants will be given to selected areas for metropolitan planning. This is an incentive program which will help metropolitan areas prepare themselves for a better urban environment and help them reduce costs of public facilities and services.

The experience gained, and the data gathered from such demonstrations will prove of great value for further planning.

These are two of the major new programs in this legislation. There are others. They are large in scope and promise, and they are properly the concern of all of us.

GHETTOS

(Mr. MULTER asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. MULTER. Mr. Speaker, I rise to express my great satisfaction to learn that the President, in a later message, will propose legislation aimed at that most poignant aspect of our American society—the existence of Negro ghettos in our cities.

Three years ago, President Kennedy signed his Executive order on equal opportunity in housing. That order, barring discrimination in rental or sale of FHA and VA housing, has not proved as effective as many of us hoped. Most housing today is rented or sold without FHA and VA assistance, and thus is not covered by the order.

It is my understanding there is some legal uncertainty that the Executive order can be widened, under existing law, to cover housing financed by conventional methods. Therefore, the only way open to the Nation to obtain an across-the-board end to housing discrimination is through new legislation.

We must do what we can to prevent the perpetuation of these ghettos.

This is the least that can be expected of the Congress if our fellow Americans who now live in congested ghettos are to have an equal chance to escape to better homes and better neighborhoods. Other legislation, some already enacted and some to be acted on this year, will accomplish still more—by providing better educational facilities, better jobs and other gains for minorities. But a further advance in legislation against housing discrimination must be made if all our other measures are to have their full effect.

THE PRESIDENT'S MESSAGE ON ASSISTANCE TO METROPOLITAN AREAS

(Mr. ANNUNZIO asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. ANNUNZIO. Mr. Speaker, the President's program for massive assistance to our metropolitan areas is aimed

at one of the pressing problems of our day.

Today, each city has a multitude of agencies and jurisdictions, each struggling with separate parts of the total metropolitan problem. Often they succeed only in compounding each other's woes. We must develop the means for them to act in concert on common problems. We must help them serve rather than abdicate their common interests.

The President's recommendation would make this possible on a scale never before attempted. It would offer the means and the incentive, through increased Federal assistance, for the separate interests to join in common action on problems affecting them all.

It calls not merely for plans, but for effective action.

It would embrace physical and community planning. But it also would plan for the human environment, and for transportation, education, financial, and other essential parts of sound urban growth.

The cost is small. The need is urgent. Action on this front is needed quickly and in a large scale.

SECRETARY McNAMARA MAKES AN IMPRESSIVE CASE FOR REPLACING THE B-52 AND B-58 BOMBERS WITH A BOMBER VERSION OF THE TFX—FB-111

(Mr. STRATTON asked and was given permission to address the House for 1 minute, and to revise and extend his remarks, and to include extraneous matter.)

Mr. STRATTON. Mr. Speaker, during the period of congressional adjournment last fall Defense Secretary McNamara announced a decision to phase out, in the next few years, a substantial portion of our present long-range strategic bomber force, both B-52 and B-58 bombers, and replace them with a smaller number of new aircraft; namely, a new bomber version of the famous TFX, the F-111 fighter, to be known as the FB-111.

Many Members of Congress were understandably concerned, when Mr. McNamara made this announcement, that the phasing out of these older aircraft and their replacement by a smaller number of a new aircraft, originally developed as a fighter rather than a bomber, might impair the Nation's security.

In an effort to determine the real facts in this matter the Hébert subcommittee of the House Armed Services Committee was directed to undertake a full investigation of the Secretary's decision. Yesterday, as its first witness, the subcommittee heard Secretary McNamara in executive session. Subsequently a declassified or "sanitized" version of the Secretary's statement was released to the press.

Mr. Speaker, I believe that Secretary McNamara's statement makes a very strong and impressive case for the soundness of his decision. While the impressiveness of the Secretary's case was, rather understandably, greater in the classified version, nevertheless the sanitized version is also very impressive and does, I believe, reveal the detailed and

painstaking thought that went into the Secretary's decision.

For this reason, and because the whole subject of changes in our strategic bombing force is understandably of great concern not only to all members of Congress but to all Americans, I am taking this opportunity of inserting in the Record, following my remarks, the unclassified version of Secretary McNamara's statement.

Mr. Speaker, this month Secretary McNamara marks the fifth anniversary of his service as Secretary of Defense. He has now served in that position longer than any other person. Many people have suggested, and I would concur with them, that Mr. McNamara has in fact been our greatest Secretary of Defense. And the reason for that, Mr. Speaker, I would say, is that he has succeeded far more extensively than any of his predecessors in applying to the complex, detailed, and extensive conglomeration of matters that properly fall within the province of the Department of Defense, the disciplines of reason, logic, and science. Not all of the matters which relate to defense matters are in fact completely subject to these disciplines of reason, logic, or scientific method. In defense matters, as in the conduct of war, we always confront what Clausewitz called "the fog of war." Not everything yields itself fully to rational treatment. Human beings cannot fully discern the future. Nor can they fully discern the minds or the actions of the enemy. That is why we all make mistakes in war and in defense matters. Even Mr. McNamara is human.

Nevertheless, Mr. Speaker, there is no other, no better way, to make decisions or to appraise facts, in defense matters as well as in other matters, than by the best possible application of reasoning, logic, and the normal disciplines of science. I for one am glad that our present Secretary of Defense is so highly capable in this particular aspect of management.

I believe the statement that follows will prove to be not only helpful and informative on the specific issue of the soundness of our defenses against the Soviet Union, but will demonstrate very clearly the impressive character of rational, logical analysis which has so marked the 5 brilliant years of Secretary McNamara's service, which have made him the greatest Defense Secretary in our history, and which have so fully justified the confidence placed in him, first by President Kennedy and now by President Johnson.

Mr. Speaker, under leave to extend my remarks, I include Secretary McNamara's statement in the Record.

STATEMENT OF SECRETARY OF DEFENSE ROBERT S. McNAMARA BEFORE SUBCOMMITTEE NO. 2 OF THE HOUSE ARMED SERVICES COMMITTEE ON THE FISCAL YEARS 1967-71 STRATEGIC BOMBER PROGRAM, JANUARY 25, 1966

I welcome this opportunity to discuss with you our longer range plans for the strategic bomber forces. You understand, of course, that the strategic bombers represent only a portion of our overall strategic offensive forces, and that the strategic offensive forces, themselves, are but one of two components of our general nuclear war posture; the other being the strategic defensive forces. I have

found from my own work in this area that both of these components must be considered within a single analytical framework if the relative merits of available alternatives are to be properly evaluated; and last year that was the way I presented the strategic offensive-defensive programs, both to the President and the congressional committees.

Accordingly, I believe it would be most useful for the purposes of your inquiry, today, if I were to review with you at least the nature of the general nuclear war problem as we see it now, the capabilities of the programed offensive and defensive forces against the expected threat, and our specific proposals for the strategic offensive forces in the fiscal years 1967-71 period.

A. THE GENERAL NUCLEAR WAR PROBLEM

Last year I pointed out that the general nuclear war forces should have two basic capabilities:

1. To deter deliberate nuclear attack upon the United States and its allies by maintaining, continuously, a highly reliable ability to inflict an unacceptable degree of damage upon any single aggressor, or combination of aggressors, at any time during the course of a strategic nuclear exchange, even after absorbing a surprise first strike.

2. In the event such a war nevertheless occurred, to limit damage to the population and industrial capacity.

The first of these capabilities we call assured destruction and the second damage limitation.

Viewed in this light, the assured destruction capability would require only a portion of the ICBM's, the submarine-launched ballistic missiles (SLBM's) and the manned bombers. The damage limiting capability would be provided by the remainder of the strategic offensive forces (ICBM's, SLBM's, and manned bombers), as well as area defense forces (manned interceptors, longer range anti-ballistic-missile missiles, and anti-submarine warfare forces), terminal defense forces (antibomber surface-to-air missiles and shorter range anti-ballistic-missile missiles), and passive defenses (fallout shelters, warning, etc.). The strategic offensive forces can contribute to the damage limiting objective by attacking enemy delivery vehicles on their bases or launch sites, provided that our forces can reach them before the vehicles are launched at our cities. Area defense forces can destroy enemy vehicles en route to their targets before they reach the target areas. Terminal defenses can destroy enemy weapons or delivery vehicles within the target areas before they detonate. Passive defense measures can reduce the vulnerability of our population to the weapons that do detonate.

The vital first objective, which must be met in full by our strategic nuclear forces, is the capability for assured destruction. Such a capability will, with a high degree of confidence, insure that we can deter under all foreseeable conditions a calculated, deliberate nuclear attack upon the United States or its allies. This capability must be provided regardless of the costs and the difficulties involved.

Once enough forces have been procured to provide high confidence of an assured destruction capability, we can then consider the kinds and amounts of forces which might be added for reducing damage to our population and industry in the event deterrence fails. Such damage limiting programs could range across the entire spectrum, from one designed against a threat of a minor nuclear power—for example, the Chinese Communists in the 1970's—to one designed against the threat of a carefully synchronized surprise first strike by the Soviet Union on our urban industrial areas.

With respect to the damage limiting problem posed by the Soviet nuclear threat, I believe it would be useful to restate briefly certain basic considerations which have

3. Strategic reconnaissance

The strategic reconnaissance force as shown on the classified table is essentially the same as that projected a year ago. All of these aircraft were procured in prior years.

4. Strategic missile forces

a. Qualitative Improvements to the Minuteman Force

There is now general agreement that a force of about 1,000 Minuteman missiles is appropriate in context with the total strategic offensive forces programed and in light of the expected threat. Accordingly, the principal concern at this time is the qualitative improvement of the Minuteman force, including the launch and launch control facilities. Three years ago we initiated a program ultimately to replace the Minuteman I with the Minuteman II, which has much greater accuracy, payload and operational versatility. In addition, its greater retargeting capability reduces the number of missiles that need to be earmarked against a given target system to achieve one reliably delivered warhead against each target. The first 10 Minuteman II's became operational last October and additional missiles will be in place by the end of this fiscal year.

We are now making certain further major improvements in the Minuteman which will so increase its performances as to warrant a new designation—Minuteman III. The initial procurement of this missile will be made in fiscal year 1967.

We still plan to continue the 54 Titan II missiles in the force throughout the program period.

By the end of the current fiscal year, we expect that 32 Polaris submarines (512 missiles) will be operational and, by the end of the first quarter of fiscal year 1968, the entire planned force of 41 submarines (656 missiles) will be operational. The force will then consist of 13 SSBN's with A-2 missiles and 28 SSBN's with A-3 missiles. All five of the earlier A-1 boats will have been retrofitted to carry the A-3 missile. We also tentatively plan to modify four of the A-2 submarines during their first overhaul in the fiscal year 1968-69 period to carry the A-3 missiles, in order to avoid the high unit costs which would be involved in restarting the A-2 missile production line (which closed down in June 1964) when present inventories are depleted by testing and training programs.

b. Accelerated Development of Poseidon

For reasons I have already discussed, it appears prudent at this time to place ourselves in a position to deploy a force of Poseidon missiles if this should be required. Last year we initiated project definition for this missile, using available 1965 funds, but the pace of the development was not precisely established. Now we propose an accelerated engineering development program for the Poseidon missile. The total cost of this development is estimated at about \$1.3 billion, of which about \$300 million will be needed in fiscal year 1967. No decisions need be made now on the number of Polaris submarines to be ultimately retrofitted with Poseidon.

With respect to other future strategic missile systems, both the Air Force and the Navy have active study programs underway. The Air Force will continue work on several projects which would contribute to the development of an advanced ICBM, if one should be required at some time in the future. In total, some \$10 million is required for fiscal year 1967 for these projects. The Navy will conduct an advanced development study of improved propulsion systems for future sea-based missiles at a fiscal year 1967 cost of \$3 million.

c. Accelerated Development of Penetration Aids

Five years ago, when I appeared before this Committee in support of the first Kennedy amendments to the original fiscal year 1962 defense budget, I said:

"While we are recommending a sizable quantitative increase in the strategic missile force we are also concerned with the introduction of qualitative improvements to enhance the combat effectiveness of the missiles. One of the most important such steps is the development of techniques and devices to help our missile warheads penetrate to their targets. The January budget provides for research and development on these penetration aids, but in view of their importance in staying well ahead of possible Soviet defensive developments we are now recommending that the level of effort on such work be more than doubled from \$15 to \$35 million."

Four years ago, in presenting the fiscal year 1963-67 defense program and the fiscal year 1963 defense budget to this committee, I said:

"A careful analysis of the problem which a Soviet anti-missile defense system would pose to our offensive forces leads to the conclusion that an effective solution would require the development of various penetrations aids for our strategic missiles."

Since that time, we have intensively studied a wide variety of penetration aid techniques and have invested a total of about \$1.2 billion on research and development in this area. We now propose to carry this work forward on an accelerated basis, particularly with regard to the development of new penetration aids, which would be needed to defeat an area ABM defense employing exoatmospheric missiles.

5. Other strategic offensive forces

The other strategic offensive forces are essentially the same as those programed a year ago. With respect to the KC-135's, as the total size of the bomber force declines we intend to retain one tanker for each of the bombers. Most, if not all, of the remainder will be used to improve the air-to-air refueling capabilities of the tactical air forces. However, the specific reallocation of these KC-135's will be made as they become available for reassignment.

With respect to the Post Attack Command and Control System (PACOS), a number of EC-135's have been added to the force planned last year. These aircraft have previously been used principally as refueling tankers with a secondary mission as communications relay aircraft. In 1963, anticipating the time when we might no longer be sure of the survivability of our ground-based missile launch control facilities, we undertook the development of an airborne launch control capability for all of the Minuteman force. The development costs of the necessary equipment through fiscal year 1967 is estimated at \$18.6 million. We now propose to begin procurement of the airborne portion of this equipment in fiscal year 1966 at a cost of approximately \$22 million. The ground portion of the airborne launch control capability is included as an integral element of the Minuteman program.

Mr. Chairman, I have not discussed the details of our proposals for the strategic defensive forces programs, but I will be prepared to do so when I appear before the full committee in support of the fiscal year 1967-71 program and fiscal year 1967 authorization requests. However, I believe it is clear from what has already been said, that the strategic forces proposed—both offensive and defensive—will provide in full the essential assured destruction capability required to achieve our primary objective, the deterrence of deliberate nuclear attack upon the United States or our allies.

DEMONSTRATION CITIES PROGRAM

(Mr. FARBSTAIN asked and was given permission to address the House for 1 minute.)

Mr. FARBSTAIN. Mr. Speaker, I

have just read President Johnson's message on the demonstration cities program. It is one of the most forward-looking approaches to the challenges and promises of our urban America. As the President said:

Cities can stimulate the best in man, and aggravate the worst.

The programs outlined by the President's message are a broad attack on the problems currently facing an increasingly urban America. I hope that these programs will speedily be enacted by Congress and that they are efficiently and effectively administered to the benefit of all America. The joint programs of private and public action should result in a useful program of physical reconstruction and rehabilitation for our cities.

One advanced and far-sighted proposal in the President's message is the appeal for a supplementary appropriation to fund the rent supplement program authorized in the Housing and Urban Development Act of 1965. While rejected in the first session of this Congress, rent supplements promise a broad range of our population more adequate housing. They promise a beginning of the end for low income family ghettos and will enable many men to reach out for whatever measure he can make of himself.

The message also touches on a problem which has concerned me. I have long been concerned with the time lag between urban project conception and the actual funding of the project. In my own district urban projects are characterized by inordinate and unacceptably long leadtimes. All too often these delays have hampered local initiative and in severe cases have even meant an end to a project.

Any program finally approved by Congress should include provisions to correct the time lag problem. The President's program, recognizing the need for flexibility of action and calling for a Federal coordinator, provides a framework for congressional action to alleviate the problem.

Mr. Speaker, the challenge of an America of 300 million citizens in the year 2,000 is a great one. It promises to be a world of vast cities expanding to meet each other. The promises and realizations of 2,000 will in many ways depend on our actions. I, for one, believe we must lay the groundwork for man to move toward his aspirations in what promises to be a more vastly urban society. The demonstration cities program is the first important step in this direction.

[Mr. KREBS addressed the House. His remarks will appear hereafter in the Appendix.]

WINNING ESSAYS ON "EMPLOY THE HANDICAPPED"

(Mr. DEL CLAWSON (at the request of Mr. JOHNSON of Pennsylvania) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. DEL CLAWSON. Mr. Speaker, under leave to extend my remarks in the RECORD, it is my pleasure again this year to include the winning essays by high

school students in the 23d District of California in the "Employ the Handicapped" writing contest, this time for the 1965-66 school year. The essays are sponsored by the Southeast District of the California Employ the Handicapped Committee. The committee under the devoted chairmanship of Mrs. Lillian M. Karnes, is active in assisting handicapped individuals who are striving to help themselves. They also perform the function of educating the community to the contribution these people are capable of making in industry, and through the example they set of self-reliance and individual courage which should be an inspiration to all. The essays follow:

WHAT HANDICAPPED WORKERS ARE CONTRIBUTING TO MY COMMUNITY

(By Nancy Gilbert, age 17, first place, home address, 718 South Poinsettia, Compton, Calif.; school address, Dominguez High School, 15301 San Jose Avenue, Compton, Calif.; D. Taylor, teacher)

Only 25 years ago, World War II created a shortage of labor compelling the leaders of industry to consider the feasibility of hiring the many thousands of capable idle handicapped persons. The handicapped people took this opportunity to show themselves just as capable, if not more so, than the other workers. The deaf could perform well in foundries because they were not distracted from the work by the thunderous sound about them. The blind seemed to have an innate ability for assembling complex pieces of electronic equipment and similar pieces of work. The handicapped people, with jobs suited to their capabilities, put forth sincere effort to become useful members of the community. They live as actively as possible and participate in community activities to the fullest extent.

In the years following the war, when it was realized that a great deal could be done for the people permanently disabled in the war and for people disabled from birth, a movement began. Training centers were established to teach the people how to use what they had. Rehabilitation programs were begun to find positions for the people, raising the hopes of every disabled or handicapped person. From these centers came many thousands of people prepared to accept the responsibility of being effective citizens in the community. A few of these people developed their talents in the fields of art. Annually, there are expositions of the work done by these adept artists.

Some handicapped persons have become fine musicians, creating many hours of entertainment for audiences everywhere. Many handicapped persons have become writers who in their writing have shown ordinary things in a different light. They write about the mountains and beautiful things in nature. They see so much more because their attitudes are so different. They appreciate the people and things around them. All of these contribute to the cultural environment of the community. Some handicapped people become teachers, gaining the respect of their students almost immediately. They understand how slow it is for some people to understand and how much work must be done to accomplish even the slightest task. They are to be admired.

There is a lady working in an aircraft plant in Long Beach. She takes in calls and broadcasts through the plant. Many of the men have spoken of her as being the best speaker because they can understand her in the noisy plant. No one would guess that she is blind. And yet, she is performing a very important service in that company. A gate guard at another plant has worked there for many years. Although he has only one arm, he carries out his duties

exactly and performs these duties safely to the satisfaction of his employer.

Many handicapped people use their talents to help other unfortunate people just as many people in the community. Ladies in the community make quilts and repair tattered clothing. They bake assorted cookies, cakes, and pies to make meager meals nicer for others at Christmas and Thanksgiving. Many handicapped people choose to work for the cause of the handicapped people so that the services may reach more afflicted people. An exceptional example of this is Helen Keller who, before her second birthday, was left blind and deaf after a serious illness. Miss Keller, after years of intense study and help, learned to communicate with braille and eventually learned to speak and type with a special typewriter. After completing her education, having graduated with honors from Radcliffe College, she labored to help the blind by lecturing and writing books and articles about her own ideas and experiences. She went even further by contributing the profit from these activities to the institutions working in the interests of the blind.

It is true that not every handicapped person becomes as famous as Helen Keller, but each handicapped person is recognized in his own neighborhood as a considerate friend. Each one is respected and admired for the great effort he has made to be that successful part of the community which he is. Handicapped people are an asset to every community for they desire to contribute to the community and not be just another apathetic individual.

ABILITY COUNTS

(By Herlinda Vallejo, age 17, second place, home address, 1210 West Magnolia Street, Compton, Calif.; school, Regina Caeli High School, address, 823 East Compton Boulevard, Compton, Calif.; English teacher, Sister Maria Goretti, S.S.F.)

How fortunate to be whole and to possess the gift of health. We are indeed fortunate, but often take for granted that gift which enables us to do the simplest everyday things without giving them a second thought. How would we react if we suddenly had to function without the use of a limb, or our precious sight, or perhaps if we were doomed to a silent or speechless existence? Most assuredly we would react poorly, both physically and emotionally, if faced with such a circumstance. Yet, there are people who lead normal, independent, and productive lives, in spite of such handicaps.

Who are the handicapped? The handicapped are those who suffer some serious physical or mental disability. They are classified in four main divisions: The blind; the deaf and deaf mutes; the mentally handicapped; and the crippled.

Medical science cannot cure many of these handicaps, but it can help people to partially overcome them through training. From elementary schools up to vocational and trade schools the disabled are taught to develop the skills and talents they have and to give the people incentive.

By no means does an individual's talents, ambitions, and abilities end where his disability begins. History displays great credits to the handicapped such as Homer, the Greek poet, Helen Keller, Alexander Graham Bell, Beethoven, and more who despite their impediments made great contributions. But the display, be it great or unknown, does not end in history—it is always present in every community.

Hub Limited Workshop, in Compton, provides work for the mentally handicapped. The workers are those who are 16 years of age and over. No matter how simple the trade, it is a great contribution to the support and happiness of the mentally handicapped and in turn to the community to which they belong.

The managing editor of a local newspaper

in our community suffered a heart attack which handicapped him to a certain extent, but he was given back his position because of his ability and the contribution he could make to our community.

A similar and personal experience of disability in my own family is my uncle, Mr. Filomeno Salas, whose occupation is that of a sheet metal worker. At his trade he developed tumors in the wrist of his right hand and has had several unsuccessful operations in which some tendons were cut. He was no longer able to install sheet metal as a result of his disability and constant pain. But because of his skill and previous training as a draftsman he not only remained with the company he worked for but was promoted. He is now working happily as the draftsman and foreman of his company in Culver City.

A very touching example of contribution to her community is the chairman of the employment of the handicapped committee in Compton.

The department of employment does a lot to help the handicapped, but this woman, who herself was handicapped by a stroke and other illnesses, earnestly dedicated her time to finding jobs for handicapped persons.

Mr. Daniel J. Quigg, veterans employment representative at the office of employment in Compton spoke of two veterans, with whom he had personal contact. One of them was unable to lift his feet as a result of a stroke. He had a very nice speaking voice and Mr. Quigg found him a telephone soliciting job in which he is doing quite nicely. The other veteran is confined to a wheelchair and is very eager to work. As yet, no job has been found for him, but his eagerness is something to be admired.

The handicapped are not only contributing the fruits of their labor, but also an example of courage and self-respect to my community.

IF ONLY WE LET THEM

(By Kay Partlow, 16 years old, third place, 11061-B Bullis Road, Lynwood, Calif., Lynwood High School, 12124 Bullis Road, Lynwood, Calif.)

In 1961, the church was small and appeared dying. Then it called a new pastor. In the 4 years since this man accepted, the membership has jumped from 50 to 740, the property value has soared to \$300,000, and a small, somewhat obscure building has been replaced with a beautifully designed auditorium and functional educational building. This is all a matter of record. The city even presented the church with an award for contributing to the beauty of the community through its building—a building designed and largely built by the pastor. But this is not all. Pains have been soothed, tears dried, despair transformed to hope, cynicism has bowed to faith, and hearts have been lifted to joy, all without number. No earthly awards have been issued, but this, too, is a matter of record—in the hearts of the people. The man mainly responsible for these accomplishments (although he would never admit it) is the pastor. This is the same man who found himself among those who came back from World War II physically handicapped. He is only a single example of one man who has refused to accept the label "handicapped."

In spite of recent progress made in understanding and rehabilitating the mentally and physically handicapped, the public as a whole still clings to the old image of a grotesquely twisted body or mind huddled in a dark corner to quietly decay. The physically and mentally whole do not seem to realize that to automatically assign a handicapped person to that vague cubbyhole in the mind set a bit apart from all others is vicious injustice. To set apart, to classify a handicapped person as "one of them" is debasing to human dignity. And "human" includes the handicapped.

financial, and economic strengths, if we maintain our faith in ourselves and the principles for which this Nation stands, then time and history will be our allies.

Time is our ally because science and technology continue to lend gathering force to the second American revolution. Here, and in the nations that share with us a common purpose, scientific progress far outpaces the very limited achievements of the Communist world in the areas of basic human needs.

History is our ally because of the principles that we seek to uphold. History has shown that no people, given decent living standards and hope for improvement in a climate of freedom, will choose to enslave their minds and spirits in the type of system advocated by the rulers of China or Russia.

We defend the right to think, to speak, and to live as we wish. We are the custodians of a heritage gained for us at great sacrifice by millions of brave men and women through generations of American history and by the intrepid American soldiers, sailors, and airmen who have given their lives in defense of these principles.

Today, in the face of an unprecedented assault upon the principles that we cherish, let us respond boldly and effectively in their defense. Let us proclaim the second American revolution as a new and vital force that combines our heritage of freedom with the immensely powerful instrument of technology. Let us use it to lift the hopes of people everywhere—for this is the surest course to final victory.

SCHOOL MILK BUDGET FOR FISCAL 1967 A TRAVESTY

Mr. PROXMIRE. Mr. President, day after day I have been rising on this floor to criticize the Bureau of the Budget's directive that \$3 million appropriated by Congress for the special milk program for school children not be spent. The Bureau's action will cripple a highly popular and badly needed program at a time when program participation is increasing by 5 percent a year.

My colleagues can imagine my surprise when I learned late Friday that the school milk program for fiscal 1967 was pegged at \$21 million in the President's budget. This cut of \$82 million is difficult, if not impossible, to understand. The Department of Agriculture has given no help. Both on Friday and Monday my office contacted the Department for information. My staff was told that representatives of the Department were willing to meet with me to discuss the matter, but could not give details over the telephone. I was also invited to submit questions.

Mr. President, I am going to raise these questions on the floor of the Senate today. I have waited long enough to comment on this travesty of a school milk budget for 1967. This program is too vital for me to withhold comment so that the Department of Agriculture can laboriously grind out their legislative recommendations.

A full explanation of the proposed cut in the school milk program should have been available at the time the budget was submitted to Congress. Instead, Congress was given only one sentence to ponder. In part 4 of the budget—"The Federal Program by Function"—we are told:

The special milk program, which permits schools to sell milk at reduced prices, will be

directed primarily to helping needy children in 1967, thereby permitting a reduction of \$52 million in expenditures.

My basic question, Mr. President, is whether or not this program reorientation will require an onerous means test for children receiving milk under the program. Nothing is more abhorrent in my mind than requiring first and second graders to give evidence that Dad is too poor to pay for a half-pint of milk, but this is exactly what a means test would require. If no means test is required, then how are we to make sure that this milk goes only to the needy?

One apparent method would be to confine the school milk program to those schools in which a high percentage of the students come from needy families. This would be directly discriminatory against tens of thousands of children whose families are very needy, but who happen to go to schools where most of the students have families of adequate income.

Next, I would like to know how much of a saving this really represents. Will the Federal Government not have to step up its payments under the milk price support laws as less milk is used in the schools due to a reduction in Federal support for the school milk program? Certainly milk not used in the program is going to add to the existing surplus which must be purchased by the Commodity Credit Corporation at 75 percent of parity.

Has the Department made any estimate of the decrease in milk consumption by schoolchildren this program cutback will create? Certainly it will cause a substantial drop in consumption. If a means test is used, many parents will be too proud to let their children go through the indignity of receiving a Government handout, yet too poor to give their children money to purchase school milk.

Does the Department expect local school districts to have increased costs because of the school milk program slash? Will this 80-percent cutback mean a further strain on already overtaxed school budgets at the very time when the Federal Government is working to relieve existing strain through programs such as the Elementary and Secondary Education Act of 1965?

Does this new program reorientation require substantive legislation? I have reason to believe that it does, Mr. President. Consequently, the next question assumes increased importance. If new legislative authority is not forthcoming will the administration recommend that the program remain at this year's level, or at a higher level?

President Johnson said in his state of the Union address:

There are men who cry out that we must sacrifice. Well, let us rather ask them, who will they sacrifice? Are they going to sacrifice the children who seek the learning?

I profoundly hope that this new approach to the school milk program does not ask such a sacrifice. I profoundly hope that the program will not result in children getting less milk. But until I get answers to the questions I have raised on this floor today I must continue to speak against the recent steps which, in the absence of further evidence, seem

aimed at making a travesty out of the school milk program.

Mr. YARBOROUGH subsequently said: Mr. President, I wish to associate myself with the remarks made a few moments ago by the distinguished Senator from Wisconsin [Mr. PROXMIRE] concerning the stunning reduction by 80 percent in the budget for milk for schoolchildren. I do not see how we can save money by starving schoolchildren.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States, were communicated to the Senate by Mr. Jones, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

DEMONSTRATION CITIES ACT OF 1966—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 368)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which, with the accompanying paper, was referred to the Committee on Banking and Currency:

To the Congress of the United States:

Nineteen hundred and sixty-six can be the year of rebirth for American cities.

This Congress, and this people, can set in motion forces of change in great urban areas that will make them the masterpieces of our civilization.

Fifty years from now our population will reach that of today's India. Our grandchildren will inhabit a world as different from ours, as ours is from the world of Jefferson.

None can predict the shape of their life with any certainty. Yet one thing is sure. It will be lived in cities. By the year 2000, four out of five Americans will live and work in a metropolitan area.

We are not strangers to an urban world.

We began our national life gathered in towns along the Atlantic seaboard. We built new commercial centers around the Great Lakes and in the Midwest to serve our westward expansion.

Forty million came from Europe to fuel our economy and enrich our community life. This century has seen the steady and rapid migration of farm families—seeking jobs and the promise of the city.

From this rich experience we have learned much.

We know that cities can stimulate the best in man, and aggravate the worst.

We know the convenience of city life, and its paralysis.

We know its promise, and its dark foreboding.

What we may only dimly perceive is the gravity of the choice before us.

Shall we make our cities livable for ourselves and our posterity? Or shall we by timidity and neglect damn them to fester and decay?

If we permit our cities to grow without rational design, if we stand passively by, while the center of each city becomes a hive of deprivation, crime, and hopelessness; if we devour the countryside as though it were limitless, while our ruins—millions of tenement apartments and dilapidated houses—go unredeemed; if we become two people—the suburban affluent and the urban poor, each filled with mistrust and fear one for the other; if this is our desire and policy as a people, then we shall effectively cripple each generation to come.

We shall as well condemn our own generation to a bitter paradox: an educated, wealthy, progressive people, who would not give their thoughts, their resources, or their wills to provide for their common well-being.

I do not believe such a fate is either necessary or inevitable. But I believe this will come to pass—unless we commit ourselves now to the planning, the building, the teaching, and the caring that alone can forestall it.

That is why I am recommending today a massive demonstration cities program. I recommend that both the public and private sectors of our economy join to build in our cities and towns an environment for man equal to the dignity of his aspirations.

I recommend an effort larger in scope, more comprehensive, more concentrated—than any that has gone before.

THE WORK OF THE PAST

I know the work of the past three decades. I have shared in the forging of our Federal housing and renewal programs. I know what they have done for millions of urban Americans:

Eight million single-family dwellings assisted by the Federal Housing Administration.

An additional 6.7 million assisted by the Veterans' Administration.

One million, one hundred thousand multiple units created; 605,000 families moved out of decayed and unsanitary dwellings into decent public housing; 300,000 dwelling units supported under urban renewal.

Without these programs, the goal I recommend today would be impossible to achieve. Because Federal sponsorship is so effective a part of our system of homebuilding, we can conceive a far larger purpose than it has yet fulfilled. We must make use of every established housing program—and of social, educational, and economic instruments as well—if the demonstration cities program is to succeed.

THE PROBLEM TODAY

Our housing programs have built a platform, from which we may see how far away is the reborn city we desire. For there still remain: some 4 million urban families living in homes of such disrepair as to violate decent housing standards; the need to provide over 30

percent more housing annually than we are currently building; our chronic inability to provide sufficient low and moderate income housing, of adequate quality, at a reasonable price; the special problem of the poor and the Negro, unable to move freely from their ghettos, exploited in the quest for the necessities of life; increasing pressures on municipal budgets, with large city per capita expenditures rising 36 percent in the 3 years after 1960; the high human costs: crime, delinquency, welfare loads, disease and health hazards. This is man's fate in those broken neighborhoods where he can "feel the enclosure of the flaking walls and see through the window the blackened reflection of the tenement across the street that blocks out the world beyond"; the tragic waste and, indeed, the chaos that threatens where children are born into the stifling air of overcrowded rooms, destined for a poor diet, inadequate schools, streets of fear and sordid temptation, joblessness, and the gray anxiety of the ill prepared; and the flight to the suburbs of more fortunate men and women, who might have provided the leadership and the means for reversing this human decline.

THE INADEQUATE RESPONSE

Since 1949, the urban renewal program has been our chief instrument in the struggle for a decent urban environment.

Over 800 cities are participating in urban renewal programs. Undertaken and designed by the cities themselves, these efforts have had an increasing influence on the use of urban land. Last year the Congress wisely extended the authorization for urban renewal, at a higher level than before.

Years of experience with urban renewal have taught us much about its strengths and weaknesses.

Since 1961 we have made major alterations in its administration. We have made it more responsive to human needs. We have more vigorously enforced the requirement of a workable program for the entire community. Within the limits of current law, we have achieved considerable progress toward these goals.

Nevertheless the social and psychological effects of relocating the poor have not always been treated as what they are. They are the unavoidable consequences of slum clearance, demanding as much concern as physical redevelopment.

The size and scale of urban assistance has been too small, and too widely dispersed.

Present programs are often prisoners of archaic and wasteful building practices. They have inhibited the use of modern technology. They have inflated the cost of rebuilding.

The benefits and efficiencies that can come from metropolitan planning are still unrealized in most urban regions.

Insufficient resources cause extensive delays in many projects. The result is growing blight and overcrowding that thwart our best efforts to resist them.

The goals of major Federal programs have often lacked cohesiveness. Some work for the revitalization of the central city. Some accelerate suburban growth. Some unite urban communities. Some disrupt them.

URBAN DILEMMAS

Virtually every forward step we have taken has had its severe limitations. Each of those steps has involved a public choice, and created a public dilemma: major clearance and reconstruction, with its attendant hardships of relocation; relieving traffic congestion, thereby widening the gulf between the affluence of suburbia and the poverty of the city; involving urban residents in redeveloping their own areas, hence lengthening the time and increasing the cost of the job; preserving the autonomy of local agencies, thus crippling our efforts to attack regional problems on a regional basis.

These dilemmas cannot be completely resolved by any single program, no matter how well designed. The prize—cities of spacious beauty and lively promise, where men are truly free to determine how they will live—is too rich to be lost because the problems are complex.

Let there be debate over means and priorities.

Let there be experiment with a dozen approaches, or a hundred.

But let there be commitment to that goal.

WHAT IS REQUIRED

From the experience of three decades, it is clear to me that American cities require a program that will: concentrate our available resources—in planning tools, in housing construction, in job training, in health facilities, in recreation, in welfare programs, in education—to improve the conditions of life in urban areas; join together all available talent and skills in a coordinated effort; mobilize local leadership and private initiative, so that local citizens will determine the shape of their new city—freed from the constraints that have handicapped their past efforts and inflated their costs.

A DEMONSTRATION CITIES PROGRAM

I propose a demonstration cities program that will offer qualifying cities of all sizes the promise of a new life for their people.

I propose that we make massive additions to the supply of low- and moderate-cost housing.

I propose that we combine physical reconstruction and rehabilitation with effective social programs throughout the rebuilding process.

I propose that we achieve new flexibility in administrative procedures.

I propose that we focus all the techniques and talents within our society on the crisis of the American city.

It will not be simple to qualify for such a program. We have neither the means nor the desire to invest public funds in an expensive program whose net effects will be marginal, wasteful, or visible only after protracted delay.

We intend to help only those cities who help themselves.

I propose these guidelines for determining a city's qualifications for the benefits—and achievements—of this program:

First. The demonstration should be of sufficient magnitude both in its physical and social dimensions to arrest blight and decay in entire neighborhoods. It must make a substantial impact within

the coming few years on the development of the entire city.

Second. The demonstration should bring about a change in the total environment of the area affected. It must provide schools, parks, playgrounds, community centers, and access to all necessary community facilities.

Third. The demonstration—from its beginning—should make use of every available social program. The human cost of reconstruction and relocation must be reduced. New opportunities for work and training must be offered.

Fourth. The demonstration should contribute to narrowing the housing gap between the deprived and the rest of the community. Major additions must be made to the supply of sound dwellings. Equal opportunity in the choice of housing must be assured to every race.

Fifth. The demonstration should offer maximum occasions for employing residents of the demonstration area in all phases of the program.

Sixth. The demonstration should foster the development of local and private initiative and widespread citizen participation—especially from the demonstration area—in the planning and execution of the program.

Seventh. The demonstration should take advantage of modern cost-reducing technologies without reducing the quality of the work. Neither the structure of real estate taxation, cumbersome building codes, nor inefficient building practices should deter rehabilitation or inflate project costs.

Eighth. The demonstration should make major improvements in the quality of the environment. There must be a high quality of design in new buildings, and attention to man's need for open spaces and attractive landscaping.

Ninth. The demonstration should make relocation housing available at costs commensurate with the incomes of those displaced by the project. Counseling services, moving expenses, and small business loans should be provided, together with assistance in job placement and retraining.

Tenth. The demonstration should be managed in each demonstration city by a single authority with adequate powers to carry out and coordinate all phases of the program. There must be a serious commitment to the project on the part of local, and where appropriate, State authorities. Where required to carry out the plan, agreements should be reached with neighboring communities.

Eleventh. The demonstration proposal should offer proof that adequate municipal appropriations and services are available and will be sustained throughout the demonstration period.

Twelfth. The demonstration should maintain or establish a residential character in the area.

Thirteenth. The demonstration should be consistent with existing development plans for the metropolitan areas involved. Transportation plans should coordinate every appropriate mode of city and regional transportation.

Fourteenth. The demonstration should extend for an initial 6-year period. It

should maintain a schedule for the expeditious completion of the project.

These guidelines will demand the full cooperation of government at every level and of private citizens in each area. I believe our Federal system is creative enough to inspire that cooperative effort. I know it must be so creative if it is to prosper and flourish.

SIZE OF THE PROGRAM

The program I recommend is intended to eliminate blight in the entire demonstration area. Through efficient rebuilding it must replace that blight with attractive and economic housing, social services, and community facilities.

There are many ways by which this can be done, once the commitment has been made to do it. Total clearance and reconstruction; partial clearance and rehabilitation; rehabilitation alone—any of these methods may be chosen by local citizens.

Whatever approach is selected, however, must be comprehensive enough to be effective and economic.

There are few cities or towns in America which could not participate in the demonstration cities program. We shall take special care to see that urban communities of all sizes are included. For each such community, the impact of the program will be significant, involving as much as 15 to 20 percent of the existing substandard structures.

For the largest qualifying cities a relatively modest program could provide decent housing for approximately 5,000 families now living in substandard dwelling units. It could rehabilitate other marginal housing sufficient to affect 50,000 people. A typical program could well involve a total of 35,000 units or 100,000 people.

For cities of approximately 100,000 people, 1,000 families could be rehoused, and 3,000 units rehabilitated, affecting a total of 10,000 people.

BENEFITS OF THE PROGRAM

I recommend that participating cities receive two types of Federal assistance:

First. The complete array of all available grants and urban aids in the fields of housing, renewal, transportation, education, welfare, economic opportunity and related programs.

Second. Special grants amounting to 80 percent of the non-Federal cost of our grant-in-aid programs included in the demonstration. These grants are to supplement the efforts of local communities. They are not to be substituted for those efforts.

In every qualifying city, a Federal coordinator would be assigned to assist local officials in bringing together all the relevant Federal resources.

Once authorized, the supplemental funds would be made available in a common account. They would be drawn at the discretion of the community to support the program. They would be certified by the Federal coordinator.

It is vital that incentives be granted for cost reductions achieved during the performance of the program.

At least as vital as the dollar commitment for rebuilding and rehabilitation is

the social program commitment. We must link our concern for the total welfare of the person, with our desire to improve the physical city in which he lives. For the first time, social and construction agencies would be joined in a massive common effort, responsive to a common local authority.

There is another benefit—not measurable in dollars, or even in the extended range of social services—that qualifying cities would secure by participating in this program.

It is a sense of hope; that the city is not beyond reach of redemption by men of good will; that through wise planning, cooperation, hard work, and the sacrifice of those outmoded codes and practices that make widespread renewal impossibly expensive today, it is possible to reverse the city's decline.

That knowledge, that confidence, that hope can make all the difference in the decade ahead.

FEDERAL COST

Funds are required in the first year to assist our cities in the preparation of demonstration plans. We should not underestimate the problems involved in achieving such a plan. The very scale of the demonstration, its widespread and profound effects on the social and physical structure of the city, calls for marshaling the city's planning and administrative resources on an unprecedented scale.

I estimate the appropriate Federal contribution to this planning effort at \$12 million.

For the supplemental demonstration grants I will recommend appropriations, over a 6-year period, totaling over \$2.3 billion, or an average of some \$400 million per year.

It is impossible to estimate exactly—but it is necessary to consider—the rising cost of welfare services, crime prevention, unemployment, and declining property values that will plague all governments, local, State, and Federal, if we do not move quickly to heal and revitalize our cities.

METROPOLITAN PLANNING

The success of each demonstration will depend on the quality of its planning, and the degree of cooperation it elicits from the various governmental bodies concerned, as well as from private interests.

Most metropolitan areas conduct some degree of metropolitan planning now. The Federal Government has made funds available throughout the country so that State and local planning agencies might devise—many for the first time—comprehensive plans for metropolitan areas.

I recommend improvements and extensions of this program. The Congress enacted them recognizing that the problems of growth, transportation, housing, and public services cannot be considered by one entity of government alone.

The absence of cooperation between contiguous areas is wasteful. It is also blind to the reality of urban life. What happens in the central city, or the suburb, is certain to affect the quality of life in the other.

The widespread demand for these funds has resulted in their being spread thinly across the 50 States. Thus, the benefits of a truly coordinated attack on metropolitan problems have not generally been realized.

INCENTIVES TO ORDERLY METROPOLITAN DEVELOPMENT

Over the past 5 years, the Congress has authorized Federal grants for urban mass transportation, open space, and sewer and water facilities. The Congress has required that such projects be consistent with comprehensive planning for an entire urban or metropolitan area. The Federal Government has thus not only helped our localities to provide the facilities they need. It has also stimulated cooperation and joint planning among neighboring jurisdictions.

But more remains to be done. The powerful forces of urban growth threaten to overwhelm efforts to achieve orderly development. A metropolitan plan should be an instrument for shaping sound urban growth—not a neglected document.

I now propose a new incentive to help assure that metropolitan plans achieve their potential.

The Federal Government should bear a larger share of the total cost of related Federal aid programs. This share would be borne where local jurisdictions show that they are ready to be guided by their own plans in working out the patterns of their own development and where they establish the joint institutional arrangements necessary to carry out those plans.

DEMONSTRATIONS OF EFFECTIVE PLANNING

I propose that a series of demonstrations in effective metropolitan planning be undertaken promptly.

Metropolitan areas would be selected to return the broadest possible data and experience to Federal, State, and local governments. They should therefore be of varying size and environment, in widely separated locations. They would be selected to assure that their benefits reach small communities surrounding the large cities.

Advanced techniques and approaches should be employed. There must be balanced consideration of physical and human development programs; coordinated treatment of the regional transportation network; technical innovations, such as metropolitan data banks and systems analysis; new educational and training programs; new arrangements for coordinating decisions of the various local governments involved.

I estimate the cost of the demonstrations at \$6,500,000.

I shall impose on the new Department of Housing and Urban Development the continuing responsibility to stimulate effective planning. If local governments do not plan cooperatively and sufficiently in advance of inevitable urban growth, even adequate funds and an aggressive determination to improve our cities cannot succeed.

HOUSING FOR ALL

The programs I have proposed—in rebuilding large areas of our cities, and in metropolitan planning—are essential for the rebirth of urban America.

Yet at the center of the cities' housing problem lies racial discrimination. Crowded miles of inadequate dwellings—poorly maintained and frequently overpriced—is the lot of most Negro Americans in many of our cities. Their avenue of escape to a more attractive neighborhood is often closed, because of their color.

The Negro suffers from this, as do his children. So does the community at large. Where housing is poor, schools are generally poor. Unemployment is widespread. Family life is threatened. The community's welfare burden is steadily magnified. These are the links in the chain of racial discrimination.

This administration is working to break that chain—through aid to education, medical care, community action programs, job retraining, and the maintenance of a vigorous economy.

The time has come when we should break one of its strongest links—the often subtle, but always effective force of housing discrimination. The impacted racial ghetto will become a thing of the past only when the Negro American can move his family wherever he can afford to do so.

I shall, therefore, present to the Congress at an early date legislation to bar racial discrimination in the sale or rental of housing.

NEW COMMUNITIES

Our existing urban centers, however revitalized, cannot accommodate all the urban Americans of the next generation.

Three million new residents are added each year to our present urban population. The growth of new communities is inevitable. Unless they are to be casual parts of a general urban sprawl, a new approach to their design is required.

We must: enlarge the entire scale of the building process; make possible new efficiencies in construction, land development, and municipal services; relieve population densities; offer a variety of homes to a wide range of incomes.

These communities must also provide an environment harmonious to man's needs.

They must offer adequate transportation systems, attractive community buildings, and open spaces free from pollution. They must retain much of the natural beauty of the landscape.

The private sector must continue its prominent role in new community development. As I recommended to the Congress last year, mortgage insurance should be made available for sites and community facilities for entire new communities.

It is apparent that new communities will spring into being near an increasing number of major metropolitan areas. Some, already in existence, promise dramatic efficiencies through size and new construction techniques, without sacrificing beauty. Obviously such a development should be encouraged. I recommend that the Congress provide the means of doing so.

RENT SUPPLEMENT PROGRAM

Rarely has a new housing program evoked such a dramatic and positive response as the rent supplement program.

The Department of Housing and Urban Affairs has already received preliminary proposals from sponsors to construct nearly 70,000 low-income units under this program as soon as funds become available.

The proposals involve 424 projects in 265 localities in 43 States, the District of Columbia, and Puerto Rico. The sponsors have already selected sites for some 40,000 of these units. The interested groups are about equally divided between nonprofit organizations and private limited dividend developers.

The need for this program is obvious. It is the need of the poor and the disadvantaged. The demand for the means to meet this need by private enterprise is demonstrated by the figures I have just cited.

I strongly urge the Congress to pass a supplementary appropriation to fund the rent supplement program at the \$30 million level it has authorized in the Housing and Urban Development Act of 1965.

MASS TRANSPORTATION PROGRAM

We must continue to help our communities meet their increasing needs for mass transportation facilities. For this purpose, I propose an additional 1-year authorization for the urban mass transportation program.

THE NEW DEPARTMENT

No Federal program can be effective unless the agency that administers it is efficient. This is even more crucial for programs that call for comprehensive approaches at both the Federal and local level.

Progress was made after 1961 toward unifying the Housing and Home Finance Agency. But the very nature of that Agency limited the extent to which its several parts could be welded into a truly unified whole. Its Administrator lacked the statutory basis for gaining full control over partially independent agencies.

With this in mind, I requested—and you enacted—legislation to create a Department of Housing and Urban Development.

As a result, the Secretary of the new Department now has the authority and the machinery for implementing the new programs I have asked for.

I see five ways by which he can do this:

First. He can organize the Department so that its emphasis will be upon meeting modern urban needs—rather than fitting new programs into old and outworn patterns.

Second. He can strengthen the regional structure so that more decisions can be made in the field.

Third. He can assert effective leadership throughout the Department.

Fourth. He can mesh together all our social and physical efforts to improve urban living.

Fifth. He can assume leadership among intergovernmental agencies dealing with urban problems.

Such a Department, and such leadership, will be worthy of the program I recommend you adopt.

A YEAR OF REBIRTH

The evidence is all about us that to be complacent about the American city is to invite, at best, inconvenience; at worst, a divided Nation.

The programs I have proposed in this message will require a determined commitment of our energy and a substantial commitment of our funds.

Yet, these programs are well within our resources. Nor do they compare in cost with the ugliness, hostility, and hopelessness of unlivable cities.

What would it mean to begin now, and to bring about the rebirth of our cities?

It would mean: a more tolerable and a more hopeful life for millions of Americans; the possibility of retaining middle-income families in the city, and even attracting some to return; improving the cities' tax base, at a time of heavy strain on city budgets; ultimately reducing welfare costs; avoiding the unnecessary waste of human resources; giving to both urban and suburban families the freedom to choose where they will live; a clean room and a patch of sky for every person, a chance to live near an open space, and to reach it on a safe street.

As Thomas Wolfe wrote:

To every man his chance—to every man, regardless of his birth, his shining, golden opportunity—to every man the right to live, to work, to be himself, and to become whatever thing his manhood and his vision can combine to make him—this * * * is the promise of America.

I believe these are among the most profound aspirations of our people. I want to make them part of our destiny.

I urge the Congress promptly to adopt the Demonstration Cities Act of 1966. If we begin now the planning from which action will flow, the hopes of the 20th century will become the realities of the 21st.

LYNDON B. JOHNSON.

THE WHITE HOUSE, January 26, 1966.

DISTRICT OF COLUMBIA BUDGET, 1967—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 336)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was referred to the Committee on Appropriations:

To the Congress of the United States:

I present the budget for the District of Columbia for the fiscal year beginning July 1, 1966.

The great domestic challenge of our time lies in our cities. Significant efforts are being undertaken to meet this challenge, and to make it possible for every citizen to lead a productive and satisfying life.

The Federal Government has a special responsibility for the Nation's Capital. We have long resolved that the District can and should be an example of the best among our urban communities, but in many ways the District continues to fall short of that goal.

Programs for the future must recognize that there is much room for improvement. Yet, even to avoid regression is both difficult and expensive. The District, as the central portion of a major metropolitan area, must cope with unusual demands.

The past decade, for example, has seen a substantial increase in the need for services to meet the requirements of a changing population. During that short span, while total population of the District remained virtually unchanged—

School-age population—5 to 19—increased by 23,700—15 percent.

Actual school enrollments increased more than 37,000—35 percent—due primarily to expanded kindergarten programs and a modestly successful program to reduce school dropouts.

Working-age population—20 to 64—decreased 21,100—4 percent.

The over-65 age group increased 14,000—24 percent.

The student group certainly, and the older age group in many cases, require greater public services and public facilities. These needs cannot be ignored.

The District must also replace and modernize a physical plant that is aged and rapidly becoming obsolete. Of the public schools, for example—

Over 38 percent were built totally or in part before 1920.

Over 60 percent have some substandard classrooms.

Yet, the demands of the rapidly increasing school population, combined with limited appropriations for school construction, have made it impossible even to house new students, much less to modernize the existing school plant. Indeed, there is no fact of which we should be less proud than that in the Capital City of this great Nation there are some 2,100 children compelled by lack of classroom space to accept part-time education.

These and other program demands mean, therefore, that an increased level of appropriations will be required. To some extent that increase has been held in check by the cost reduction and management improvement program developed by the Commissioners. This program, similar to that required in each Federal department and agency, will continue to help in holding down the need for additional personnel and other resources despite the rapidly increasing program requirements. Moreover, to increase even further the productivity of

District agencies, I have directed the Bureau of the Budget to work closely with the Commissioners in the development of—

A planning, programing, and budgeting system.

New management techniques.

Improved methods and procedures.

Intensified use of data processing equipment.

In addition, I have insisted that the increases in expenditures reflected in this budget be held to the minimum needed to—

Assure continuation of essential services.

Provide an adequate level of staffing to carry out essential services.

Permit only such improvement in services as is required to assure an acceptable rate of progress toward our ultimate goals.

Revenues: Increases in District resources must, as always, come largely from local taxes. Commensurate increases in support by the Federal Government are necessary. The Federal payment, which is now authorized at \$50 million, should be authorized at a substantially higher level by approval of the formula contained in H.R. 6889, and appropriations should be increased accordingly. That formula provides a fair, equitable, and flexible measure of the amount of Federal support that should be provided the District government. The need for this type of flexible authorization and the inadequacy of the present laws are apparent. In 1965, the formula would have authorized only \$4.8 million more than the present authorization of \$50 million. In 1967, the formula indicates \$61.9 million as the appropriate level of support—\$11.9 million more than is now authorized. The propriety of thus measuring the appropriate level of Federal support to the District has twice had the approval of the Senate. I urgently commend it.

Increases in District taxes to accompany the larger Federal payment should be substantially greater than the \$4 million provided for the general fund in H.R. 11487, the revenue bill which has been passed by the House of Representatives. While it is true that the contribution made by District taxpayers has substantially increased in the past year, both through larger receipts from existing taxes and from the increase of 20 cents per \$100 of assessed valuation in the real estate tax, these increases fall far short of meeting the District's needs. I support, therefore, the recommendation of the Commissioners to the Congress of a tax package which will increase tax revenues in the general fund by \$8.4 million annually beyond those provided in H.R. 11487.

Requirements and financing of the general fund, 1966-72

[In millions of dollars]

	Estimates		Projections						Estimates		Projections				
	1966	1967	1968	1969	1970	1971	1972		1966	1967	1968	1969	1970	1971	1972
Funds required:								Revenues and balances:							
Under existing legislation:								From existing legislative sources:							
Operating expenses.....	280.1	307.3	322.6	338.7	355.6	373.4	392.1	Taxes, fees, etc. ¹	256.0	266.9	281.2	299.3	318.2	334.5	351.3
Capital outlay:								Balances.....	-1.4	4.1	2.0	2.0	2.0	2.0	2.0
Public works, including Federal obligations (cash required).....	37.1	48.3	54.6	53.7	53.9	52.6	50.0	Federal payment.....	48.7	50.0	50.0	50.0	50.0	50.0	50.0
Rail rapid transit system.....	2.0	8.5	39.5					Repayable advances.....	20.0						
Repayment of loans and interest:								Loan authorization:							
Loans for public works.....	1.9	2.0	3.3	4.8	6.2	7.7	9.2	Public works.....	22.4	17.2	20.3	9.0			
Loans for rail rapid transit.....			.1	.2	1.4	3.0	3.0	Rail rapid transit.....	2.0	8.5	39.5				
Repayable advances.....	20.0														
Total under existing legislation.....	341.1	366.1	420.1	397.4	417.1	436.7	454.3	Total estimated availability from existing legislative sources.....	347.7	346.7	393.0	360.3	370.2	386.5	403.3
Under proposed legislation:								From proposed legislative sources:							
Operating expenses—Pay increases for teachers, policemen, and firemen.....	2.9	4.3	4.3	4.3	4.3	4.3	4.3	Taxes.....	1.0	12.4	12.7	13.0	13.4	13.7	14.2
Reserves for indefinite appropriation and contingencies.....	3.6	.6	7.0	7.0	7.0	7.0	7.0	Federal payment.....		11.9	14.4	16.9	20.9	25.1	28.0
								Loan authorization—public works.....				20.0	20.0	20.0	20.0
Total estimated funds required.....	347.6	371.0	431.4	408.7	428.4	448.0	465.6	Total from proposed legislative sources.....	1.0	24.3	27.1	49.9	54.3	58.8	62.2
								Total estimated revenues and balances.....	348.7	371.0	420.1	410.2	424.5	445.3	465.5
								Additional financing required to meet total estimated requirements.....			11.3		3.9	2.7	.1

¹ Includes recent increase in real estate tax rate from \$2.50 to \$2.70 per \$100 assessed valuation in fiscal year 1966. Also, rate increase from \$2.70 to \$2.80 in fiscal year 1969 and from \$2.80 to \$2.90 in fiscal year 1970.

Borrowing: The authority of the District to borrow for general fund purposes is now fixed at \$225 million, of which \$50 million is specifically allocated for the purposes of the National Capital Transportation Act of 1965. When this amount has been borrowed the authority will be exhausted, irrespective of repayments. This form of lump-sum authorization should be replaced by the pro-

visions of H.R. 6889, which relate the maximum amount which the District may borrow from the Treasury to a percentage of the assessed value of real and personal property in the District. This would—

Conform to debt limits generally used throughout the United States for local governments.

Relate the debt limit more closely to ability to repay.

Enable the District to incur new debt as repayments are made. Since at current levels of annual borrowing the District will soon exhaust its present borrowing authorization for general public works purposes, this matter deserves prompt consideration by the Congress.

New obligatory authority, all funds

[In thousands of dollars]

	1965 actual	1966 estimate	1967 recommended		1965 actual	1966 estimate	1967 recommended
Current authorizations:				Current authorizations—Continued			
Education:				Additional municipal services—Inaugural ceremonies.....	283		
Operating expenses.....	72,038	75,727	82,609	Additional municipal services—Shrine and American Legion conventions.....		221	233
Capital outlay.....	14,405	17,569	32,935	Judgments, claims, and refunds.....	885	33	
Welfare and health:				Personal services, wage board employees.....		660	1,320
Operating expenses.....	76,154	80,957	90,549	Total current authorizations.....	353,773	365,929	423,904
Capital outlay.....	487	6,014	4,888	Permanent authorizations.....	1,626	1,593	1,637
Highways and traffic:				Operations of District of Columbia trust funds.....	58,178	58,961	63,480
Operating expenses.....	13,714	14,197	14,982	Repayment (—) of advances from Federal funds.....	9,000	-26,000	
Capital outlay.....	15,769	9,852	15,455	Proposed for separate transmittal (under proposed legislation).....		3,000	4,510
Public safety:				Total authorizations.....	422,577	403,483	493,531
Operating expenses.....	73,724	80,024	85,752				
Capital outlay.....	336	1,687	2,715	Recapitulation of current authorizations:			
Parks and recreation:				General fund.....	298,100	322,863	371,297
Operating expenses.....	10,150	10,972	12,256	Highway fund.....	28,876	25,314	31,719
Capital outlay.....	680	1,035	1,896	Water fund.....	11,049	10,397	11,884
General operating expenses:				Sanitary sewage works fund.....	15,668	7,270	8,930
Operating expenses.....	19,444	20,550	22,708	Metropolitan area sanitary sewage works fund.....	80	85	74
Capital outlay.....	5,030	2,111	1,298	Total, all funds.....	353,773	365,929	423,904
Sanitary engineering:							
Operating expenses.....	22,385	23,097	24,248				
Capital outlay.....	23,066	12,546	14,107				
Repayment of loans and interest.....	5,363	5,690	6,078				
Payment of District of Columbia share of Federal capital outlays.....	1,860	987	1,350				
Contribution to rapid transit system.....		2,000	8,525				

With the additional revenues now being proposed, the District will measurably advance toward the goals outlined in my message to the Congress of February 15, 1965. Some of the more significant recommendations are—

EDUCATION

Operation of the school system in 1967 will require \$82.6 million, an increase of \$6.9 million over 1966. These increased funds will provide—

Additional classroom teachers needed to maintain the pupil-teacher ratios now in effect.

Additional positions in special subject areas such as science, mathematics, and reading needed to enrich and strengthen the District's educational program.

Addition of 24 librarians to provide 1 in every school in which physical facilities exist to house a library.

Additional counselors to achieve the

Board of Education pupil-counselor ratios of 750 to 1 in elementary schools and 400 to 1 in secondary schools.

Four pupil personnel service teams. Each team will be composed of psychiatrists, clinical and school psychologists, social workers and attendance officers. They will be able to meet acute needs of literally thousands of pupils whose opportunities to achieve the maximum of their potentialities are now impaired be-

89TH CONGRESS
2D SESSION

H. R. 15890

IN THE HOUSE OF REPRESENTATIVES

JUNE 23, 1966

Mr. PATMAN introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To assist city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in these areas, to improve and amend our housing programs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Housing and Urban
4 Development Act of 1966".

5 TITLE I—DEMONSTRATION CITIES PROGRAM

6 FINDINGS AND DECLARATION OF PURPOSE

7 SEC. 101. The Congress hereby finds and declares that
8 improving the quality of urban life is the most critical do-
9 mestic problem facing the United States. The persistence

1 of widespread urban slums and blight, the concentration of
2 persons of low income in older urban areas, and the unmet
3 needs for additional housing and community facilities and
4 services arising from rapid expansion of our urban popula-
5 tion have resulted in a marked deterioration in the environ-
6 ment of large numbers of our people while the Nation as a
7 whole prospers.

8 The Congress further finds and declares that cities, both
9 large and small, do not have adequate resources to deal
10 effectively with the critical problems facing them, and that
11 additional Federal assistance is essential to enable cities to
12 plan, develop, and conduct programs to improve their physi-
13 cal environment, increase their supply of adequate housing
14 for low- and moderate-income people, and provide educa-
15 tional and social services vital to health and welfare.

16 It is the purpose of this title to provide additional finan-
17 cial and technical assistance to enable cities, both large and
18 small, to plan, develop, and carry out programs to rebuild
19 or revitalize large slum and blighted areas and expand and
20 improve public programs and services available to the people
21 who live in such areas.

22 It is further the purpose of this title to provide the
23 additional financial aid needed to enable cities to participate
24 more effectively in existing Federal assistance programs.

25 It is further the purpose of this title to assist cities to

1 coordinate activities aided under existing Federal programs
2 with other public and private actions in order to provide
3 the most effective and economical concentration of Federal,
4 State, local, and private efforts to improve the quality of
5 urban life.

6 BASIC AUTHORITY

7 SEC. 102. The Secretary of Housing and Urban Devel-
8 opment (hereinafter referred to as the "Secretary") is
9 authorized to make grants and provide technical assistance,
10 as provided by this title, to enable city demonstration agen-
11 cies (as herein defined) to plan, develop, and carry out
12 comprehensive city demonstration programs.

13 COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

14 SEC. 103. (a) A "comprehensive city demonstration
15 program" is a locally prepared and scheduled program for
16 rebuilding or restoring entire sections and neighborhoods of
17 slum and blighted areas through the concentrated and
18 coordinated use of all available Federal aids and local private
19 and governmental resources, including citywide aids and
20 resources necessary to improve the general welfare of the
21 people living or working in the areas.

22 (b) A comprehensive city demonstration program is
23 eligible for assistance under sections 105, 106, and 107 only
24 if the Secretary determines that—

25 (1) the program is of sufficient magnitude in both

1 physical and social dimensions (i) to remove or arrest
2 blight and decay in entire sections or neighborhoods,
3 (ii) to provide a substantial increase in the supply of
4 standard housing of low and moderate cost, (iii) to
5 make marked progress in serving the poor and disad-
6 vantaged people living in slum and blighted areas with
7 a view to reducing educational disadvantages, disease,
8 and enforced idleness, and (iv) to make a substantial
9 impact on the sound development of the entire city;

10 (2) the rebuilding or restoration of sections or
11 neighborhoods in accordance with the program will
12 contribute to a well-balanced city with adequate public
13 facilities (including those needed for transportation, edu-
14 cation, and recreation), commercial facilities adequate
15 to serve the residential areas, good access to industrial
16 or other centers of employment, and housing for all
17 income levels;

18 (3) the program provides for educational and social
19 services necessary to serve the poor and disadvantaged
20 in the area, widespread citizen participation in the pro-
21 gram, maximum opportunities for employing residents
22 of the area in all phases of the program, and enlarged
23 opportunity for work and training;

24 (4) adequate local resources are, or will be, avail-
25 able for the completion of the program as scheduled;

1 (5) administrative machinery is available for carry-
2 ing out the program on a consolidated and coordinated
3 basis, the local governing body has approved the pro-
4 gram, and local agencies whose cooperation is necessary
5 to the success of the program have indicated their in-
6 tent to furnish such cooperation;

7 (6) there exists a relocation plan meeting the re-
8 quirements of the regulations referred to in section 107;

9 (7) the program is designed to assure maximum op-
10 portunity in the choice of housing accommodations by all
11 citizens; and

12 (8) the program meets such additional require-
13 ments as the Secretary may establish to carry out the
14 purposes of this title.

15 (c) In making the determinations under subsection (b) ,
16 the Secretary shall give maximum consideration to whether—

17 (1) substantive local laws, regulations, and other
18 requirements are, or can be expected to be, consistent
19 with the objectives of the program;

20 (2) the program will enhance neighborhoods by
21 applying a high standard of design and will, as appro-
22 priate, maintain distinctive natural, historical, and cul-
23 tural characteristics;

24 (3) the program is designed to make maximum

1 use of new and improved technology and design, includ-
2 ing cost reduction techniques;

3 (4) the program will encourage good community
4 relations and counteract the segregation of housing by
5 race or income; and

6 (5) the program is consistent with comprehensive
7 planning for the entire urban or metropolitan area.

8 FINANCIAL ASSISTANCE FOR PLANNING COMPREHENSIVE

9 CITY DEMONSTRATION PROGRAMS

10 SEC. 104. (a) The Secretary is authorized to make
11 grants to, and to contract with, city demonstration agencies
12 to pay 80 per centum of the costs of planning and developing
13 comprehensive city demonstration programs.

14 (b) Financial assistance will be provided under this sec-
15 tion only if (1) the application for such assistance has been
16 approved by the local governing body of the city, and (2)
17 the Secretary has determined that there exist (i) administra-
18 tive machinery through which coordination of all related
19 planning activities of local agencies can be achieved, and
20 (ii) evidence that necessary cooperation of agencies engaged
21 in related local planning can be obtained.

1 FINANCIAL ASSISTANCE FOR APPROVED COMPREHENSIVE
2 CITY DEMONSTRATION PROGRAMS

3 SEC. 105. (a) The Secretary shall review plans for com-
4 prehensive city demonstration programs in order to deter-
5 mine that (1) such plans satisfy the criteria for such pro-
6 grams set forth in section 103, and (2) the various projects
7 or activities to be undertaken in connection with such pro-
8 grams are scheduled to be initiated within a reasonably short
9 period of time.

10 (b) The Secretary is authorized to make grants to, and
11 to contract with, city demonstration agencies to pay 80 per
12 centum of the cost of administering approved comprehensive
13 city demonstration programs, but not the cost of administer-
14 ing any project or activity assisted under a Federal grant-
15 in-aid program.

16 (c) To assist the city to carry out the projects or activi-
17 ties included within an approved comprehensive city demon-
18 stration program, the Secretary is authorized to make grants
19 to the city demonstration agency of not to exceed 80 per
20 centum of the aggregate amount of non-Federal contributions
21 otherwise required to be made to all projects or activities

14 assisted by Federal grant-in-aid programs (as hereinafter
15 defined which are undertaken in connection with such dem-
16 onstration program: *Provided*, That the specific amount of
17 any such grant shall take into account the number and
18 intensity of the economic and social pressures in the sections
19 or neighborhoods involved, such as those involving or result-
20 ing from population density, crime rate, public welfare par-
21 ticipation, delinquency rate, poverty levels, unemployment
22 rate, educational levels, health and disease characteristics,
23 and degree of substandard and dilapidated housing: *Pro-*
24 *vided further*, That the amount of non-Federal contribution
25 required for each project in a Federal grant-in-aid program
14 shall be certified to the Secretary by the Federal department
15 or agency (other than the Department of Housing and Urban
16 Development) administering such program, and the Secre-
17 tary shall accept such determination in computing the grants
18 hereunder.

19 (d) Grant funds provided pursuant to subsection (c) of
20 this section shall be used for projects or activities assisted
21 under a Federal grant-in-aid program which are undertaken
22 as part of an approved comprehensive city demonstration
23 program, or for other projects or activities undertaken as part
24 of such demonstration program. If used for projects or ac-
25 tivities assisted under a Federal grant-in-aid program which

14 are undertaken as part of such demonstration program, funds
15 provided pursuant to subsection (c) shall be credited as part
16 or all of the required non-Federal contribution to such proj-
17 ects or activities.

18 (e) The Secretary shall not make any grant under this
19 section unless he has obtained satisfactory assurances that
20 the locality will maintain, during the period and approved
21 comprehensive city demonstration program is being carried
22 out, a level of aggregate expenditures for activities similar
23 to those being assisted under this section not less than the
24 level of aggregate expenditures for such activities prior to
25 initiation of the comprehensive city demonstration program.

14 TECHNICAL ASSISTANCE

15 SEC. 106. The Secretary is authorized to undertake such
16 activities as he determines to be desirable to provide, either
17 directly or by contracts or other arrangements, technical
18 assistance to city demonstration agencies to assist such
19 agencies in planning, developing, and administering compre-
20 hensive city demonstration programs.

21 RELOCATION REQUIREMENTS AND PAYMENTS

22 SEC. 107. (a) A comprehensive city demonstration pro-
23 gram must include a plan for the relocation of individuals,
24 families, business concerns, and nonprofit organizations dis-

1 placed or to be displaced in carrying out the city demonstra-
2 tion program. The relocation plan shall be consistent with
3 regulations prescribed by the Secretary to assure that (1)
4 the provisions and procedures included in the plan meet
5 relocation standards equivalent to those prescribed under
6 section 105 (c) of the Housing Act of 1949 with respect
7 to urban renewal projects assisted under title I of that Act,
8 and (2) relocation activities are coordinated to the maxi-
9 mum extent feasible with the increase in the supply of
10 decent, safe, and sanitary housing for families and individuals
11 of low or moderate income, as provided under the compre-
12 hensive city demonstration program, or otherwise, in order
13 to best maintain the available supply of such housing for all
14 such families and individuals throughout the city.

15 (b) (1) To the extent not otherwise authorized under
16 any Federal law, financial assistance extended to a compre-
17 hensive city demonstration agency under section 105 shall
18 include grants to cover the full cost of relocation payments,
19 as herein defined. Such grants shall be in addition to other
20 financial assistance extended to such agency under section
21 105.

22 (2) The term "relocation payments" means payments
23 by a comprehensive city demonstration agency to a displaced
24 individual, family, business concern, or nonprofit organiza-
25 tion which are made on such terms and conditions and

1 subject to such limitations (to the extent applicable, but not
2 including the date of displacement) as are provided for relo-
3 cation payments, at the time such payments are approved,
4 by sections 114 (b), (c), (d), and (e) of the Housing
5 Act of 1949 with respect to projects assisted under title I
6 thereof.

7 (c) Subsection (b) shall not be applicable with respect
8 to any displacement occurring prior to the date of the
9 enactment of this Act.

10 CONTINUED AVAILABILITY OF FEDERAL GRANT-IN-AID
11 PROGRAM

12 SEC. 108. Notwithstanding any other provision of law,
13 unless hereafter enacted expressly in limitation of the provi-
14 sions of this section, funds appropriated for a Federal grant-
15 in-aid program which are reserved for any projects or
16 activities assisted under such grant-in-aid program under-
17 taken in connection with an approved comprehensive city
18 demonstration program shall remain available until expended
19 when so provided in appropriation Acts.

20 CONSULTATION

21 SEC. 109. In carrying out the provisions of this title,
22 including the issuance of regulations, the Secretary shall
23 consult with other Federal departments and agencies admin-
24 istering Federal grant-in-aid programs. The Secretary shall

1 consult with each Federal department and agency affected
2 by each comprehensive city demonstration program before
3 entering into a commitment to make grants for such pro-
4 gram under section 105.

5 LABOR STANDARDS

6 SEC. 110. (a) All laborers and mechanics employed
7 by contractors or subcontractors on projects assisted directly
8 or indirectly under this title shall be paid wages at rates
9 not less than those prevailing on similar construction in
10 the locality as determined by the Secretary of Labor in
11 accordance with the Davis-Bacon Act, as amended (40
12 U.S.C. 276a—276a-5). No assistance provided for under
13 this title shall be approved without first obtaining adequate
14 assurance that these labor standards will be maintained upon
15 the construction work.

16 (b) The Secretary of Labor shall have, with respect to
17 the labor standards specified in subsection (a), the authority
18 and functions set forth in Reorganization Plan Numbered 14
19 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15),
20 and section 2 of the Act of June 13, 1934, as amended
21 (48 Stat. 948; 40 U.S.C. 276c).

22 APPROPRIATIONS

23 SEC. 111. (a) There are authorized to be appropriated
24 for the purpose of financial assistance under section 104 the

1 sum of \$12,000,000 for the fiscal year ending June 30,
2 1967, and such sums as may be necessary for the fiscal year
3 ending June 30, 1968.

4 (b) There are authorized to be appropriated for the
5 purpose of financial assistance under section 105 such sums
6 as may be necessary for the fiscal year ending June 30,
7 1968, and succeeding fiscal years. It is the sense of the
8 Congress that appropriations pursuant to this subsection shall
9 be made only on the basis of need demonstrated by plans
10 submitted for comprehensive city demonstration programs,
11 and that any such appropriation shall take into account the
12 budgetary situation existing at the time it is made.

13 (c) There are authorized to be appropriated for the
14 other purposes of this title such sums as may be necessary.

15 (d) Appropriations authorized under this section shall
16 remain available until expended when so provided in appro-
17 priation Acts.

18 DEFINITIONS

19 SEC. 112. As used in this title—

20 (a) “Federal grant-in-aid program” means a program
21 of Federal financial assistance other than loans and other
22 than the assistance provided by this title.

23 (b) “City demonstration agency” means the city or any
24 local public agency established or designated by the local

1 governing body to administer the comprehensive city demon-
2 stration program.

3 (c) "City" means any municipality (or two or more
4 municipalities acting jointly) or, with respect to urban areas
5 outside of incorporated municipalities, any county or other
6 public body (or two or more acting jointly) having general
7 governmental powers.

8 (d) "Local" agencies include State agencies and instru-
9 mentalities providing services or resources to a city or local-
10 ity, and "local" resources include those provided to a city
11 or locality by a State or its agency or instrumentality.

12 TERMINATION OF AUTHORITY

13 SEC. 113. (a) This title and all authority conferred
14 thereunder shall terminate at the close of June 30, 1971:
15 *Provided*, That the functions, powers, duties, and authorities
16 vested in the Secretary under this title may be retained by
17 the Secretary for the purpose of liquidating the affairs and
18 functions conducted under this title.

19 (b) The termination of this title shall not affect the
20 disbursement of funds under, or the carrying out of, any
21 contract, commitment, or other obligation entered into pur-
22 suant to this title prior to the date of such termination, or
23 the taking of any action necessary to preserve or protect the
24 interests of the United States in any amounts advanced or
25 paid out in carrying on operations under this title.

1 GRANT AUTHORITY FOR URBAN RENEWAL PROJECTS WHICH
2 ARE PART OF APPROVED COMPREHENSIVE CITY DEMON-
3 STRATION PROGRAMS

4 SEC. 114. Section 103 (b) of the Housing Act of 1949
5 is amended by inserting after the first sentence the following
6 new sentence: "In addition to the authority to make grants
7 provided in the first sentence of this subsection, the Sec-
8 retary may contract to make grants under this title, on or
9 after July 1, 1967, in an amount not to exceed \$600,000,-
10 000: *Provided*, That the authority to contract to make
11 grants provided by this sentence shall be exercised only
12 with respect to an urban renewal project which is identified
13 and scheduled to be carried out as one of the projects or
14 activities included within an approved comprehensive city
15 demonstration program assisted under the provisions of sec-
16 tion 105 (c) of the Housing and Urban Development Act
17 of 1966."

18 TITLE II—GRANTS TO ASSIST IN PLANNED
19 METROPOLITAN DEVELOPMENT

20 FINDINGS AND DECLARATION OF PURPOSE

21 SEC. 201. (a) The Congress hereby finds that the wel-
22 fare of the Nation and of its people is directly dependent
23 upon the effective organization and functioning of the metro-
24 politan areas in which two-thirds of its people live and work.

25 It further finds that the continuing rapid growth of these

1 areas makes it essential that they prepare, keep current, and
2 actually carry out comprehensive plans and programs for
3 their orderly physical development with a view to efficiently
4 meeting all their economic and social needs.

5 It further finds that metropolitan areas are especially
6 handicapped in this task by the complexity and scope of
7 governmental services required in such rapidly growing
8 areas, the multiplicity of political jurisdictions and agencies
9 involved, and the inadequacy of the operational and adminis-
10 trative arrangements available for cooperation among them.

11 It further finds that present requirements for areawide
12 planning and programing in connection with various Federal
13 programs have materially assisted in the solution of metro-
14 politan problems, but that additional participation and
15 cooperation are needed from the States and localities in
16 perfecting and carrying out such areawide efforts.

17 (b) It is the purpose of this title to provide additional
18 encouragement and assistance to States and localities,
19 through supplementary grants for certain federally assisted
20 development projects, for making effective comprehensive
21 metropolitan planning and programing.

22 GRANT AUTHORITY

23 SEC. 202. (a) The Secretary is authorized to make
24 supplementary grants to applicant State and local public
25 bodies and agencies carrying out, or assisting in carrying

1 out, development projects meeting the requirements of this
2 title.

3 (b) Grants may be made under this title only for de-
4 velopment projects in metropolitan areas for which it has
5 been demonstrated, to the satisfaction of the Secretary, that—

6 (1) metropolitanwide comprehensive planning and
7 programing provide an adequate basis for evaluating

8 (A) the location, financing, and scheduling of individ-
9 ual public facility projects (including, but not limited
10 to, sewer, water, and sewage treatment facilities; high-
11 way, mass transit, airport, and other transportation
12 facilities; and recreation and other open-space areas)
13 whether or not federally assisted; and (B) other pro-
14 posed land development or uses, which projects or uses,
15 because of their size, density, type, or location, have
16 public metropolitanwide or interjurisdictional signifi-
17 cance;

18 (2) adequate metropolitanwide institutional or
19 other arrangements exist for coordinating, on the basis
20 of such metropolitanwide comprehensive planning and
21 programing, local public policies and activities affecting
22 the development of the area; and

23 (3) public facility projects and other land develop-
24 ment or uses which have a major impact on the develop-

1 ment of the area are, in fact, being carried out in accord
2 with such metropolitanwide comprehensive planning and
3 programing.

4 (c) (1) Where the applicant for a grant under this title
5 is a county, municipality, or other general-purpose unit of
6 local government, it must demonstrate, to the satisfaction of
7 the Secretary, that taking into consideration the scope of its
8 authority and responsibilities it is adequately assuring that
9 public facility projects and other land development or uses
10 of public metropolitanwide or interjurisdictional significance
11 are being, and will be, carried out in accord with metropoli-
12 tan planning and programing meeting the requirements of
13 subsection (b). In making this determination the Secre-
14 tary shall give special consideration to whether the applicant
15 is effectively assisting in, and conforming to, metropolitan
16 planning and programing through (A) the location and
17 scheduling of public facility projects, whether or not federally
18 assisted; and (B) the establishment and consistent adminis-
19 tration of zoning codes, subdivision regulations, and similar
20 land-use and density controls.

21 (2) Where the applicant for a grant under this title is
22 not a general-purpose unit of local government, both it and
23 the general-purpose unit of local government having jurisdic-
24 tion over the location of the project must meet requirements
25 of this subsection.

1 (d) In making the determinations required under this
2 section, the Secretary shall obtain, and give full consideration
3 to, the comments of the body or bodies (State or local) re-
4 sponsible for planning and programing for the metropolitan
5 area.

6 (e) No grant shall be made under this title with respect
7 to a development project for which a Federal grant has been
8 made, or a contract of assistance has been entered into, under
9 the legislation referred to in paragraph (1) of section 205
10 prior to February 21, 1966, or more than one year prior to
11 the date on which the Secretary has made the determinations
12 required under this section with respect to the applicant and
13 to the area in which the project is located: *Provided*, That in
14 the case of a project for which a contract of assistance under
15 the legislation referred to in paragraph (1) of section 205
16 has been entered into after June 30, 1967, no grant shall be
17 made under this title unless an application for such grant
18 has been made on or before the date of such contract.

19 EXTENT OF GRANT

20 SEC. 203. (a) A grant under this title shall not exceed

21 (1) 20 per centum of the cost of the project for which the
22 grant is made; nor (2) the Federal grant made with respect
23 to the project under the legislation referred to in paragraph
24 (1) of section 205. In no case shall the total Federal con-

1 tributions to the cost of such project be more than 80 per
2 centum. Notwithstanding any other provision of law, includ-
3 ing requirements with respect to non-Federal contributions,
4 grants under this title shall be eligible for inclusion (directly
5 or through refunds or credits) as part of the financing for
6 such projects: *Provided*, That projects or activities on the
7 basis of which assistance is provided under section 105 (c) of
8 this Act shall not be eligible for assistance under this title.

9 (b) There are hereby authorized to be appropriated
10 such sums as may be necessary to carry out the provisions of
11 this title. Appropriations authorized under this title shall
12 remain available until expended when so provided in appro-
13 priations Acts.

14 CONSULTATION AND CERTIFICATION

15 SEC. 204. In carrying out the provisions of this title, in-
16 cluding the issuance of regulations, the Secretary shall con-
17 sult with the Department of the Interior; the Department of
18 Commerce; the Department of Health, Education, and Wel-
19 fare; and the Federal Aviation Agency with respect to de-
20 velopment projects assisted by those departments and agen-
21 cies; and he shall, for the purpose of section 203, accept
22 their respective certifications as to the cost of those projects
23 and the amount of the non-Federal contribution paid or to be
24 paid to that cost.

DEFINITIONS

SEC. 205. As used in this title—

(1) “development project” means a project assisted or to be assisted under section 702 of the Housing and Urban Development Act of 1965; section 8 of the Federal Water Pollution Control Act; section 120 (a) of title 23, United States Code; section 9 of the Federal Airport Act; section 3 of the Urban Mass Transportation Act of 1964; title VII of the Housing Act of 1961; section 5 (e) of the Land and Water Conservation Fund Act of 1965; or section 101 (a) (1) of the Public Works and Economic Development Act of 1965 (for a project of a type which the Secretary determines to be eligible for assistance under other of the provisions listed above) ;

(2) “State” means any State of the United States, the Commonwealth of Puerto Rico, the Virgin Islands, or an agency or instrumentality of any of the foregoing;

(3) “metropolitan area” means a standard metropolitan statistical area as established by the Bureau of the Budget, subject however to such modifications and extensions as the Secretary may determine to be appropriate; and

(4) “Secretary” means the Secretary of Housing and Urban Development.

1 TITLE III—COORDINATION OF FEDERAL ACTIV-
2 ITIES IN METROPOLITAN DEVELOPMENT

3 COOPERATION BETWEEN FEDERAL AGENCIES

4 SEC. 301. In order to insure that all Federal programs
5 related to metropolitan development are carried out in a
6 coordinated manner—

7 (1) the Secretary of Housing and Urban Develop-
8 ment is authorized to call upon other Federal agencies
9 to supply such statistical data, program reports, and
10 other materials as he deems necessary to discharge his
11 responsibilities for metropolitan development, and to
12 assist the President in coordinating the metropolitan
13 development efforts of all Federal agencies; and

14 (2) all Federal agencies which are engaged in
15 administering programs related to metropolitan develop-
16 ment, or which otherwise perform functions relating
17 thereto, shall cooperate with the Secretary in carrying
18 out his duties and responsibilities for metropolitan
19 development.

20 METROPOLITAN EXPEDITERS

21 SEC. 302. The Secretary shall appoint a metropolitan
22 expediter for each metropolitan area which he finds needs and
23 desires it. Such appointments shall be made only after con-
24 sultation with local governmental authorities in such metro-
25 politan area. The metropolitan expediter shall provide

1 information, data, and assistance to local authorities and
2 private individuals and entities within the metropolitan area,
3 and to all relevant Federal departments and agencies, with
4 respect to all programs and activities conducted within such
5 metropolitan area by the Department of Housing and Urban
6 Development, and with respect to other public and private
7 activities and needs within such metropolitan area which
8 relate to the programs and activities of the Department.

9 TITLE IV—LAND DEVELOPMENT AND NEW
10 COMMUNITIES

11 MORTGAGE INSURANCE FOR NEW COMMUNITIES

12 SEC. 401. Title X of the National Housing Act is
13 amended by inserting after section 1003 the following new
14 section 1004 and redesignating the remaining sections
15 accordingly:

16 “NEW COMMUNITIES

17 “SEC. 1004. (a) New communities consisting of de-
18 velopments, satisfying all other requirements under this title,
19 may be approved under this section by the Secretary for
20 mortgage insurance if they meet the requirements of sub-
21 section (b) of this section.

22 “(b) A development shall be eligible for approval as
23 a new community if the Secretary determines it will, in
24 view of its size and scope, make a substantial contribution

1 to the sound and economic growth of the area within which
2 it is located in the form of—

3 “(1) substantial economies, made possible through
4 large-scale development, in the provision of improved
5 residential sites;

6 “(2) adequate housing to be provided for those
7 who would be employed in the community or the sur-
8 rounding area;

9 “(3) maximum accessibility from the new residen-
10 tial sites to industrial or other employment centers and
11 commercial, recreational, and cultural facilities in or near
12 the community; and

13 “(4) maximum accessibility to any major central
14 city in the area”.

15 MORTGAGE AMOUNT AND TERM

16 SEC. 402. (a) Section 1002 (c) of the National Housing
17 Act is amended by striking out “\$10,000,000” and insert-
18 ing in lieu thereof “\$25,000,000”.

19 (b) Section 1002 (d) (1) of such Act is amended to
20 read as follows:

21 “(1) contain repayment provisions satisfactory to
22 the Secretary and have a maturity not to exceed seven
23 years, or such longer maturity as the Secretary deems
24 reasonable (A) in the case of a privately owned system

for water or sewerage, and (B) in the case of a new community approved under section 1004;”.

ENCOURAGEMENT OF SMALL BUILDERS

SEC. 403. The section of the National Housing Act redesignated as section 1005 by section 401 of this Act is amended by inserting “particularly small builders,” after “broad participation by builders,”.

WATER AND SEWERAGE FACILITIES

SEC. 404. The section of the National Housing Act redesignated as section 1006 by section 401 of this Act is amended by adding at the end thereof the following new sentence: “In the case of a new community approved by the Secretary pursuant to section 1004, the land shall be served, after its development, by—

“(a) public systems for water and sewerage which are consistent with other existing or prospective systems within the area; or

“(b) existing privately or cooperatively owned systems (including reasonable extensions thereto) which are approved as adequate by the Secretary and are regulated in a manner acceptable to him; or

“(c) if it is necessary to develop a new system and the Secretary determines that public ownership of

1 such a system is not feasible, an adequate privately or
 2 cooperatively owned new system (1) which he finds
 3 consistent with other existing or prospective systems
 4 within the area; (2) which will be regulated, during
 5 the period of such ownership, in a manner acceptable to
 6 him with respect to user rates and charges, capital struc-
 7 ture, methods of operation, and rate of return; and (3)
 8 regarding which he receives assurances, satisfactory to
 9 him, with respect to eventual public ownership and
 10 operation of the system and with respect to the condi-
 11 tions and terms of any sale or transfer.”

12 FEDERAL NATIONAL MORTGAGE ASSOCIATION SPECIAL
 13 ASSISTANCE FOR NEW COMMUNITIES

14 SEC. 405. Section 302 (b) of the National Housing Act
 15 is amended by inserting after “or title VIII,” in the proviso
 16 the following: “or under title X with respect to a new com-
 17 munity approved under section 1004 thereof.”.

18 URBAN PLANNING GRANTS

19 SEC. 406. Section 701 (a) (4) of the Housing Act of
 20 1954 is amended by inserting before the semicolon at the
 21 end thereof the following: “, or for areas where rapid urbani-
 22 zation is expected to result on land acquired or to be acquired
 23 by land development agencies with assistance under section
 24 202 (b) (1) of the Housing Amendments of 1955, or on

1 land developed or to be developed as a new community ap-
2 proved under section 1004 of the National Housing Act”.

3 PUBLIC FACILITY LOANS

4 SEC. 407. Paragraph (4) of the subsection of section
5 202 of the Housing Amendments of 1955 redesignated as
6 subsection (c) by section of this Act is amended by adding
7 before the period at the end of the second sentence the fol-
8 lowing: “, or (iii) to be provided in connection with the
9 establishment of a new community approved under section
10 1004 of the National Housing Act”.

11 LOANS TO LAND DEVELOPMENT AGENCIES

12 SEC. 408. (a) Section 202 of the Housing Amendments
13 of 1955 is amended by inserting after subsection (a) the
14 following new subsection (b) and redesignating the remain-
15 ing subsections accordingly:

16 “(b) (1) In order to encourage and assist in the timely
17 acquisition of open or predominantly undeveloped land to be
18 utilized in connection with the development of well-planned
19 residential neighborhoods, subdivisions, and communities, the
20 Secretary is authorized to purchase the securities and obliga-
21 tions of, or make loans to, land development agencies to
22 finance the acquisition of a fee simple or other interest in such
23 land for subsequent sale in accordance with this subsection.
24 A loan under this subsection may be in an amount which

1 shall not exceed the total cost, as approved by the Secretary,
2 of acquiring such interest; shall be reasonably secured; shall
3 be repaid in such manner and within such period, not exceed-
4 ing fifteen years, as may be determined by the Secretary;
5 and shall bear interest at the rate prescribed for financial
6 assistance extended under subsection (a) of this section. As
7 used in this subsection, 'land development agencies' means
8 public corporations, including municipalities, authorized to
9 carry out, and created or designated by or pursuant to State
10 law for the purpose of carrying out, the functions for which
11 financial assistance is available under this subsection.

12 “(2) The Secretary shall not extend any financial as-
13 sistance for the acquisition of land under this subsection
14 unless he determines that (A) the financial assistance ap-
15 plied for is not otherwise available on reasonable terms, (B)
16 the development of a well-planned residential neighborhood,
17 subdivision, or community on such land would be consistent
18 with a comprehensive plan or comprehensive planning, meet-
19 ing criteria established by the Secretary, for the area in
20 which the land is located, and (C) a preliminary develop-
21 ment plan for the use of the land meets criteria established
22 by the Secretary for such preliminary plans.

23 “(3) Land acquired with financial assistance under this
24 subsection shall be disposed of for development in accordance
25 with a current development plan for the land which has been

1 approved by the Secretary as consistent with provisions of
 2 the loan agreement, and shall not be sold or otherwise dis-
 3 posed of for less than its fair value for uses in accord with
 4 such development plan. Such plan shall, wherever feasible
 5 in the light of current conditions, encourage the provision of
 6 sites providing a proper balance of types of housing to serve
 7 families having a broad range of incomes. The Secretary
 8 shall adopt such requirements as he deems necessary to en-
 9 courage the maintenance of a diversified local homebuilding
 10 industry and broad participation by builders, particularly
 11 small builders.”

12 (b) The proviso in section 203 (a) of the Housing
 13 Amendments of 1955 is amended—

14 (1) by striking out “section 202 (a)” and inserting
 15 in lieu thereof “section 202 (a) and pursuant to section
 16 202 (b)”; and

17 (2) by striking out “of such section” and inserting
 18 in lieu thereof “of section 202 (a)”.

19 Housing and Urban Development.

20 TITLE V—FHA INSURANCE OPERATIONS

21 FHA MORTGAGE FINANCING FOR VETERANS

22 SEC. 501. The next to last sentence of section 203 (b)
 23 (2) of the National Housing Act is amended by striking
 24 out “If the mortgagor is a veteran who has not received any
 25 direct, guaranteed, or insured loan under laws administered

1 by the Veterans' Administration for the purchase, construc-
2 tion, or repair of a dwelling (including a farm dwelling)
3 which was to be owned and occupied by him as his home,"
4 and inserting in lieu thereof the following: "If the mortgagor
5 is a veteran,".

6 COOPERATIVE HOUSING INSURANCE FUND

7 SEC. 502. (a) Section 213 (m) of the National Hous-
8 ing Act is amended by striking out " , but only in cases where
9 the consent of the mortgagee or lender to the transfer is ob-
10 tained or a request by the mortgagee or lender for the transfer
11 is received by the Secretary within such period of time after
12 the date of the enactment of this subsection as the Secretary
13 shall prescribe".

14 (b) Section 213 (n) of such Act is amended—

15 (1) by striking out "insured under this section and
16 sections 207, 231, and 232" and inserting in lieu thereof
17 "the insurance of which is the obligation of either the
18 Management Fund or the General Insurance Fund";
19 and

20 (2) by adding at the end thereof the following new
21 sentence: "Premium charges on the insurance of mort-
22 gages or loans transferred to the Management Fund or
23 insured pursuant to commitments transferred to the Man-
24 agement Fund may be payable in debentures which are

the obligation of either the Management Fund or of the General Insurance Fund.”

(c) (1) The fourth sentence of section 213 (k) of such Act is amended to read as follows: “The Secretary is directed to transfer to the Management Fund from the General Insurance Fund an amount equal to the total of the premium payments theretofore made with respect to the insurance of mortgages and loans transferred to the Management Fund pursuant to subsection (m) minus the total of any administrative expenses theretofore incurred in connection with such mortgages and loans, plus such other amounts as the Secretary determines to be necessary and appropriate.”

(2) The second proviso in section 213 (l) of such Act is amended by striking out “pursuant to subsection (k) or (o)” and inserting in lieu thereof “pursuant to subsection (o)”.

MORTGAGE LIMITS FOR COOPERATIVE HOUSING

SEC. 503. Section 213 (b) (2) of the National Housing Act is amended—

(1) by striking out “\$9,000”, “\$12,500”, “\$15,000”, “\$18,500”, and “\$21,000” in the matter preceding the first proviso and inserting in lieu thereof “\$11,500”, “\$15,000”, “\$17,500”, “\$21,000”, and “\$23,500”, respectively; and

(2) by striking out "\$10,500", "\$15,000", "\$18,000", "\$22,500", and "\$25,500" in the first proviso and inserting in lieu thereof "\$13,000", "\$17,500", "\$20,500", "\$25,000", and "\$28,000", respectively.

SUPPLEMENTARY FINANCING FOR COOPERATIVE HOUSING

SEC. 504. Section 213 (j) (2) (A) of the National Housing Act is amended by adding at the end thereof the following: "except that, in the case of improvements or additional community facilities, the outstanding indebtedness may be increased by an amount equal to 97 per centum of the amount which the Secretary estimates will be the value of such improvements or facilities, and the new outstanding indebtedness may exceed the original principal obligation of the mortgage if such new outstanding indebtedness does not exceed the limitations imposed by subsection (b) ;".

MORTGAGE LIMITS FOR HOMES UNDER SECTION 221(d)(2)

SEC. 505. Section 221 (d) (2) (A) of the National Housing Act is amended by striking out "\$11,000" and "\$18,000" and inserting in lieu thereof "\$12,500" and "\$20,000", respectively.

1 INSURANCE OF MORTGAGES UNDER SECTION 221 TO
2 FINANCE PURCHASE AND REHABILITATION BY NON-
3 PROFIT ORGANIZATIONS OF HOUSING FOR RESALE TO
4 LOW-INCOME PURCHASERS

5 SEC. 506. (a) Section 221 of the National Housing
6 Act is amended by adding at the end thereof the following
7 new subsection:

8 “(i) (1) In addition to mortgages insured under the
9 other provisions of this section, the Secretary is authorized,
10 upon application by the mortgagee, to insure under this sub-
11 section as hereinafter provided any mortgage (including
12 advances under such mortgage during rehabilitation) which
13 is executed by a nonprofit organization to finance the pur-
14 chase and rehabilitation of deteriorating or substandard
15 housing for subsequent resale to low-income home purchasers
16 and, upon such terms and conditions as the Secretary may
17 prescribe, to make commitments for the insurance of such
18 mortgages prior to the date of their execution or disburse-
19 ment thereon.

20 “(2) To be eligible for insurance under paragraph (1)
21 of this subsection, a mortgage shall—

1 “(A) be executed by a private nonprofit corpora-
2 tion or association approved for purposes of this subsec-
3 tion by the Secretary, for the purpose of financing the
4 purchase of property (comprising one or more tracts or
5 parcels, whether or not contiguous) upon which there
6 is located deteriorating or substandard housing consisting
7 of five or more single-family dwellings of detached, semi-
8 detached, or row construction and of rehabilitating such
9 dwellings with a view to subsequent resale as hereinafter
10 provided;

11 “(B) be secured by the property which is to be
12 purchased and rehabilitated with the proceeds thereof;

13 “(C) be in a principal amount not exceeding the
14 appraised value of the property at the time of its pur-
15 chase under the mortgage plus the estimated cost of the
16 rehabilitation;

17 “(D) bear interest (exclusive of premium charges
18 for insurance and service charge, if any) at the rate in
19 effect under the proviso in subsection (d) (5) at the
20 time of execution;

21 “(E) provide for complete amortization (subject
22 to paragraph (5) (E)) by periodic payments within
23 such term as the Secretary may prescribe; and

24 “(F) provide for the release of individual single-
25 family dwellings from the lien of the mortgage upon

1 the sale of the rehabilitated dwellings in accordance
2 with paragraph (5).

3 “(3) No mortgage shall be insured under paragraph
4 (1) unless the mortgagor shall have demonstrated to the
5 satisfaction of the Secretary that (A) the property to be
6 rehabilitated is located in a neighborhood which is suf-
7 ficiently stable and contains sufficient public facilities and
8 amenities to support long-term values, or (B) the rehabili-
9 tation to be carried out by the mortgagor plus its related
10 activities and the activities of other owners of housing in
11 the neighborhood, together with actions to be taken by
12 public authorities, will be of such scope and quality as to
13 give reasonable promise that a stable environment will be
14 created in the neighborhood.

15 “(4) The aggregate principal balance of all mortgages
16 insured under paragraph (1) and outstanding at any one
17 time shall not exceed \$20,000,000.

18 “(5) (A) No mortgage shall be insured under para-
19 graph (1) unless the mortgagor enters into an agreement
20 (in form and substance satisfactory to the Secretary) that
21 it will offer to sell the dwellings involved, upon com-
22 pletion of their rehabilitation, to individuals or families
23 (hereinafter referred to as ‘low-income purchasers’) deter-
24 mined by the Secretary to have incomes below the maximum
25 amount specified (with respect to the area involved) in sec-

1 tion 101 (c) (1) of the Housing and Urban Development
2 Act of 1965.

3 “(B) The Secretary is authorized to insure under this
4 paragraph mortgages executed to finance the sale of indi-
5 vidual dwellings to low-income purchasers as provided in
6 subparagraph (A). Any such mortgage shall—

7 “(i) be in a principal amount equal to that portion
8 of the unpaid balance of the principal mortgage covering
9 the property (insured under paragraph (1)) which is
10 allocable to the individual dwelling involved; and

11 “(ii) bear interest at the same rate as the prin-
12 cipal mortgage, and provide for complete amortization
13 by periodic payments within a term equal to the re-
14 maining term (determined without regard to subpara-
15 graph (E)) of such principal mortgage.

16 “(C) The price for which any individual dwelling is
17 sold to a low-income purchaser under this paragraph shall
18 be the amount of the mortgage covering the sale as deter-
19 mined under subparagraph (B), except that the purchaser
20 shall in addition thereto be required to pay on account of
21 the property at the time of purchase such amount (which
22 shall not be less than \$200, but which may be applied
23 in whole or in part toward closing costs) as the Secretary
24 may determine to be reasonable and appropriate in the
25 circumstances.

1 “(D) Upon the sale under this paragraph of any indi-
2 vidual dwelling, such dwelling shall be released from the lien
3 of the principal mortgage, and such mortgage shall there-
4 upon be replaced by an individual mortgage insured under
5 this paragraph to the extent of the portion of its unpaid
6 balance which is allocable to the dwelling covered by such
7 individual mortgage. Until all of the individual dwellings in
8 the property covered by the principal mortgage have been
9 sold, the mortgagor shall hold and operate the dwellings re-
10 maining unsold at any given time as though they constituted
11 rental units in a project covered by a mortgage which is
12 insured under subsection (d) (3) (and which receives the
13 benefits of the interest rate provided for in the proviso in
14 subsection (d) (5)).

15 “(E) Upon the sale under this paragraph of all of the
16 individual dwellings in the property covered by the prin-
17 cipal mortgage, and the release of all individual dwellings
18 from the lien of the principal mortgage, the insurance of
19 the principal mortgage shall be terminated and no adjusted
20 premium charge shall be charged by the Secretary upon
21 such termination.

22 “(F) Any mortgage insured under this paragraph shall
23 contain a provision that if the low-income mortgagor does
24 not continue to occupy the property, the interest rate shall
25 increase to the highest rate permissible under this section

1 and the regulations of the Secretary effective at the time of
2 commitment for insurance of the principal mortgage; except
3 that the increase in interest rate shall not be applicable if
4 the property is sold and the purchaser is (i) the nonprofit
5 organization which executed the principal mortgage, (ii) a
6 public housing agency having jurisdiction under the United
7 States Housing Act of 1937 over the area where the dwelling
8 is located, or (iii) a low-income purchaser approved for the
9 purposes of this paragraph by the Secretary.”

10 (b) (1) Section 221 (g) (1) of such Act is amended
11 by inserting after “paragraph (2) of subsection (d) of this
12 section” the following: “or paragraph (5) of subsection (i)
13 of this section”.

14 (2) Section 221 (g) (2) of such Act is amended by in-
15 serting after “paragraph (3) or (4) of subsection (d) of
16 this section” the following: “or paragraph (1) of subsection
17 (i) of this section”.

18 (c) Section 221 (f) of such Act is amended by inserting
19 after “Housing Act of 1961.” in the fourth sentence “or
20 which meets the requirements of subsection (i).”.

21 (d) Section 305 (h) of such Act is amended by striking
22 out “section 221 (d) (3)” and inserting in lieu thereof “sec-
23 tions 221 (d) (3) and 221 (i)”.

1 APPLICATION OF DAVIS-BACON ACT TO COOPERATIVE HOUS-
 2 ING PROJECTS INSURED UNDER SECTION 221 (d)(3) AND
 3 (d)(4)

4 SEC. 507. The third sentence of section 212 (a) of the
 5 National Housing Act is amended by inserting before the
 6 period at the end thereof the following: “, except that com-
 7 pliance with such provisions may be waived by the Secretary
 8 in cases or classes of cases where laborers or mechanics (not
 9 otherwise employed at any time in the construction of the
 10 project) voluntarily donate their services without compensa-
 11 tion for the purpose of lowering their housing costs in a
 12 cooperative housing project and the Secretary determines
 13 that any amounts saved thereby are fully credited to the
 14 cooperative undertaking the construction”.

15 WAIVER OF DEDUCTION ON ASSIGNMENT OF PROPERTY TO
 16 SECRETARY IN LIEU OF FORECLOSURE

17 SEC. 508. Title V of the National Housing Act is
 18 amended by adding at the end thereof the following new
 19 section:

20 “WAIVER OF DEDUCTION ON ASSIGNMENT OF PROPERTY TO
 21 SECRETARY IN LIEU OF FORECLOSURE

22 “SEC. 523. Notwithstanding any other provision of this
 23 Act, from and after the date of the enactment of the Housing

1 and Urban Development Act of 1966, the Secretary, under
2 such terms and conditions as he may approve, may waive
3 all or a part of the 1 per centum deduction otherwise made
4 from insurance benefits with respect to multifamily housing
5 or land development mortgages assigned to him, where the
6 assignment is made at his request in lieu of foreclosure of
7 the mortgage.”

8 ARMED SERVICES HOUSING MORTGAGE INSURANCE

9 PROGRAM

10 SEC. 509. (a) Section 803 (a) of the National Housing
11 Act is amended—

12 (1) by striking out “\$2,300,000,000” and inserting
13 in lieu thereof “\$3,350,000,000”;

14 (2) by striking out “October 1, 1962” and inserting
15 in lieu thereof “October 1, 1969”; and

16 (3) by striking out “twenty-eight thousand” and
17 inserting in lieu thereof “eighty-eight thousand”.

18 (b) Section 803 (b) of such Act is amended—

19 (1) by striking out “\$16,500” each place it ap-
20 pears in paragraph (3) (B) and inserting in lieu thereof
21 “\$17,500”; and

22 (2) by striking out “4½ per centum” in the sen-
23 tence following paragraph (3) (C) and inserting in lieu
24 thereof “5½ per centum”.

1 TITLE VI—MORTGAGE INSURANCE FOR GROUP
2 PRACTICE FACILITIES

3 PURPOSE

4 SEC. 601. It is the purpose of this title to assure the
5 availability of credit on reasonable terms to units or orga-
6 nizations engaged in the group practice of medicine, optom-
7 etry, or dentistry, particularly those in smaller communities
8 and those sponsored by cooperative or other nonprofit
9 organizations, to assist in financing the construction and
10 equipment of group practice facilities.

11 ESTABLISHMENT OF PROGRAM

12 SEC. 602. (a) The National Housing Act is amended
13 by adding at the end thereof the following new title:

14 “TITLE XI—MORTGAGE INSURANCE FOR GROUP
15 PRACTICE FACILITIES

16 “INSURANCE OF MORTGAGES

17 “SEC. 1101. (a) The Secretary is authorized (1) to
18 insure mortgages (including advances on such mortgages
19 during construction), upon such terms and conditions as
20 he may prescribe, in accordance with the provisions of this
21 title, and (2) to make commitments for the insuring of such
22 mortgages prior to the date of their execution or disburse-
23 ment thereon. No mortgage shall be insured under this

1 title after October 1, 1969, except pursuant to a commit-
2 ment to insure issued before that date.

3 “(b) To be eligible for insurance under this title, the
4 mortgage shall (1) be executed by a mortgagor that is
5 a group practice unit or organization, approved by the Sec-
6 retary, (2) be made to and held by a mortgagee ap-
7 proved by the Secretary as responsible and able to service
8 the mortgage properly, and (3) cover a property or project
9 which is approved for mortgage insurance prior to the be-
10 ginning of construction or rehabilitation and is designed for
11 use as a group practice facility which the Secretary finds
12 will be constructed in an economical manner, will not be of
13 elaborate or extravagant design or materials, and will be
14 adequate and suitable for carrying out the purposes of this
15 title. No mortgage shall be insured under this title unless
16 it is shown to the satisfaction of the Secretary that the
17 applicant would be unable to obtain the mortgage loan
18 without such insurance on terms comparable to those speci-
19 fied in subsection (c).

20 “(c) The mortgage shall—

21 “(1) not exceed \$5,000,000;

22 “(2) not exceed 90 per centum of the amount
23 which the Secretary estimates will be the value of the
24 property or project when construction or rehabilitation
25 is completed. The value of the property may include

1 the land and the proposed physical improvements, equip-
2 ment, utilities within the boundaries of the property,
3 architects' fees, taxes, and interest accruing during con-
4 struction or rehabilitation, and other miscellaneous
5 charges incident to construction or rehabilitation and
6 approved by the Secretary;

7 “(3) have a maturity satisfactory to the Secretary
8 but not to exceed twenty-five years, and provide for
9 complete amortization of the principal obligation by
10 periodic payments within such term as the Secretary
11 shall prescribe; and

12 “(4) bear interest (exclusive of premium charges
13 for insurance, and service charges if any) at a rate of
14 not to exceed 5 per centum per annum of the amount of
15 the principal obligation outstanding at any time, or not
16 to exceed such rate (not in excess of 6 per centum per
17 annum) as the Secretary finds necessary to meet the
18 mortgage market.

19 “(d) Any contract of insurance executed by the Secre-
20 tary under this title shall be conclusive evidence of the
21 eligibility of the mortgage for insurance, and the validity of
22 any contract for insurance so executed shall be incontestable
23 in the hands of an approved mortgagee from the date of the
24 execution of such contract, except for fraud or misrepresenta-
25 tion on the part of such approved mortgagee.

1 “(e) Each mortgage insured under this title shall con-
2 tain an undertaking (in accordance with regulations pre-
3 scribed under this title and in force at the time the mortgage
4 is approved for insurance) to the effect that, except as
5 authorized by the Secretary and the mortgagee, the prop-
6 erty will be used as a group practice facility until the
7 mortgage has been paid in full or the contract of insurance
8 otherwise terminated.

9 “(f) No mortgage shall be insured under this title
10 unless the mortgagor and the mortgagee certify (1) that
11 they will keep such records relating to the mortgage trans-
12 action and indebtedness, to the construction of the facility
13 covered by the mortgage, and to the use of such facility as
14 a group practice facility as are prescribed by the Secretary
15 at the time of such certification, (2) that they will make
16 such reports as may from time to time be required by the
17 Secretary pertaining to such matters, and (3) that the
18 Secretary shall have access to and the right to examine and
19 audit such records.

20 “PREMIUMS

21 “SEC. 1102. The Secretary shall fix premium charges
22 for the insurance of mortgages under this title, but such
23 charges shall not be more than 1 per centum per annum
24 of the amount of the principal obligation of the mortgage

1 outstanding at any time, without taking into account delin-
2 quent payments or prepayments. In addition to the pre-
3 mium charge, the Secretary is authorized to charge and col-
4 lect such amounts as he may deem reasonable for the analysis
5 of a proposed project and the appraisal and inspection of
6 the property and improvements. Where the principal obli-
7 gation of any mortgage accepted for insurance under this
8 title is paid in full prior to the maturity date, the Secretary
9 is authorized to require the payment by the mortgagee of
10 an adjusted premium charge. This charge shall be in such
11 amount as the Secretary determines to be equitable, but not
12 in excess of the aggregate amount of the premium charges
13 that the mortgagee would otherwise have been required to
14 pay if the mortgage had continued to be insured until the
15 maturity date. Where such prepayment occurs, the Secre-
16 tary is authorized to refund to the mortgagee for the account
17 of the mortgagor all, or such portion as he shall determine
18 to be equitable, of the current unearned premium charges
19 theretofore paid. Premium charges fixed under this section
20 shall be payable by the mortgagee either in cash, or in
21 debentures which are the obligation of the General Insurance
22 Fund at par plus accrued interest, at such times and in such
23 manner as may be prescribed by the Secretary.

1 “PAYMENT OF INSURANCE BENEFITS

2 “SEC. 1103. The mortgagee shall be entitled to receive
3 the benefits of the insurance under this title in the manner
4 provided in subsection (g) of section 207 with respect to
5 mortgages insured under that section. For such purpose the
6 provisions of subsections (g), (h), (i), (j), (k), (l), and
7 (n) of section 207 shall apply to mortgages insured under
8 this title and all references in such subsections to section
9 207 shall be deemed to refer to this title.

10 “REGULATIONS

11 “SEC. 1104. The Secretary shall prescribe such regu-
12 lations as may be necessary to carry out this title, after con-
13 sulting with the Surgeon General of the Public Health
14 Service with respect to any health or medical aspects of
15 the program under this title which may be involved in
16 such regulations.

17 “ADMINISTRATION

18 “SEC. 1105. (a) At the request of individuals or orga-
19 nizations operating or contemplating the operation of group
20 practice facilities (as defined in section 1106 (1)), the Sec-
21 retary may provide or obtain technical assistance in the
22 planning for and construction of such facilities.

23 “(b) With a view to avoiding unnecessary duplication
24 of existing staffs and facilities of the Federal Government,
25 the Secretary is authorized to utilize available services and

1 facilities of any agency of the Federal Government in carry-
2 ing out the provisions of this title, and to pay for such serv-
3 ices and facilities, either in advance or by way of reimburse-
4 ment, in accordance with an agreement between the Secre-
5 tary and the head of such agency.

6 "DEFINITIONS

7 "SEC. 1106. For the purposes of this title—

8 "(1) The term 'group practice facility' means a facility
9 in a State for the provision of preventive, diagnostic, and
10 treatment services to ambulatory patients (in which patient
11 care is under the professional supervision of persons licensed
12 to practice medicine in the State or, in the case of optometric
13 care or treatment, is under the professional supervision of
14 persons licensed to practice optometry in the State, or, in
15 the case of dental diagnosis or treatment, is under the pro-
16 fessional supervision of persons licensed to practice dentistry
17 in the State) and which is primarily for the provision of such
18 health services by a medical or dental group.

19 "(2) The term 'medical or dental group' means a
20 partnership or other association or group of persons licensed
21 to practice medicine or surgery in the State, or of persons
22 licensed to practice optometry in the State, or of persons
23 licensed to practice dentistry in the State, or of any combi-
24 nation of such persons, who, as their principal professional
25 activity and as a group responsibility, engage or undertake

1 to engage in the coordinated practice of their profession pri-
2 marily in one or more group practice facilities, and who (in
3 this connection) share common overhead expenses (if and to
4 the extent such expenses are paid by members of the group) ,
5 medical and other records, and substantial portions of the
6 equipment and the professional, technical, and administra-
7 tive staffs, and which partnership or association or group is
8 composed of at least such professional personnel and make
9 available at least such health services as may be provided
10 in regulations prescribed under this title.

11 “(3) The term ‘group practice unit or organization’
12 means—

13 “(A) a private nonprofit agency or organization
14 undertaking to provide, directly or through arrange-
15 ments with a medical or dental group, comprehensive
16 medical care, optometric care, or dental care, or any
17 combination thereof, which may include hospitalization,
18 to members or subscribers primarily on a group practice
19 prepayments basis; or

20 “(B) a private nonprofit agency or organization
21 established for the purpose of improving the availability
22 of medical, optometric, or dental care in the community
23 or having some function or functions related to the
24 provision of such care, which will, through lease or
25 other arrangement, make the group practice facility

1 with respect to which assistance has been requested
2 under this title available to a medical or dental group
3 for use by it.

4 “(4) The term ‘nonprofit organization’ means a corpo-
5 ration, association, foundation, trust, or other organization
6 no part of the net earnings of which inures, or may lawfully
7 inure, to the benefit of any private shareholder or individual
8 except, in the case of an organization the purposes of which
9 include the provision of personal health services to its mem-
10 bers or subscribers or their dependents under a plan of such
11 organization for the provision of such services to them
12 (which plan may include the provision of other services
13 or insurance benefits to them), through the provision of
14 such health services (or such other services or insurance
15 benefits) to such members or subscribers or dependents
16 under such plan.

17 “(5) The term ‘State’ includes the Commonwealth of
18 Puerto Rico, Guam, the Virgin Islands, American Samoa,
19 and the District of Columbia.

20 “(6) The term ‘mortgage’ means a first mortgage on
21 real estate in fee simple, or on the interest of either the
22 lessor or lessee thereof (A) under a lease for not less than
23 ninety-nine years which is renewable, or (B) under a lease
24 having a period of not less than fifty years to run from the

1 date the mortgage was executed. The term 'first mortgage'
2 means such classes of first liens as are commonly given to
3 secure advances (including but not limited to advances dur-
4 ing construction) on, or the unpaid purchase price of, real
5 estate under the laws of the State in which the real estate is
6 located, together with the credit instrument or instruments,
7 if any, secured thereby, and any mortgage may be in the
8 form of one or more trust mortgages or mortgage indentures
9 or deeds of trust, securing notes, bonds, or other credit in-
10 struments, and, by the same instrument or by a separate in-
11 strument, may create a security interest in initial equipment,
12 whether or not attached to the realty.

13 “(7) The term 'mortgagee' means the original lender
14 under a mortgage, and his or its successors and assigns, and
15 includes the holders of credit instruments issued under a
16 trust mortgage or deed of trust pursuant to which such
17 holders act by and through a trustee named therein.

18 “(8) The term 'mortgagor' means the original bor-
19 rower under a mortgage and his or its successors and
20 assigns.”

21 (b) The first sentence of section 227 of such Act is
22 amended by inserting after “new or rehabilitated multifamily
23 housing” the following: “or a property or project described
24 in title XI”.

LABOR STANDARDS

SEC. 603. Section 212 (a) of the National Housing Act is amended by adding at the end thereof the following new sentence: "The provisions of this section shall also apply to the insurance of any mortgage under title XI."

AMENDMENTS TO OTHER FEDERAL LAWS

SEC. 604. (a) (1) The sixth sentence of paragraph "Seventh" of section 5136 of the Revised Statutes, as amended (12 U.S.C. 24), is amended by inserting after "Federal Home Loan Banks," the following: "or obligations which are insured by the Secretary of Housing and Urban Development under title XI of the National Housing Act".

(2) The third sentence of the first paragraph of section 24 of the Federal Reserve Act, as amended (12 U.S.C. 371), is amended by inserting after "or sections 1471-1484 of title 42," the following: "or which are insured by the Secretary of Housing and Urban Development pursuant to title XI of the National Housing Act,".

(b) Subsection (a) of section 304 of the Trust Indenture Act of 1939 (15 U.S.C. 77ddd) is amended by striking out the word "or" at the end of paragraph (8) ; by striking out the period at the end of paragraph (9) and inserting in

1 lieu thereof a semicolon and the word “or”; and by adding
2 after paragraph (9) a new paragraph as follows:

3 “(10) any security issued under a mortgage or
4 trust deed indenture as to which a contract of insurance
5 under title XI of the National Housing Act is in effect;
6 and any such security shall be deemed to be exempt from
7 the provisions of the Securities Act of 1933 to the same
8 extent as though such security were specifically enumer-
9 ated in section 3 (a) (2), as amended, of the Securities
10 Act of 1933 (15 U.S.C. 77c (a) (2)).”

11 (c) Section 263 of chapter X of the Bankruptcy Act
12 (11 U.S.C. 663) is amended by adding at the end thereof
13 the following: “Nothing contained in this chapter shall be
14 deemed to affect or apply to the creditors of any corporation
15 under a mortgage insured pursuant to title XI of the National
16 Housing Act.”

17 TITLE VII—RURAL HOUSING

18 SEC. 701. Section 501 (a) of the Housing Act of 1949
19 is amended by striking out “previously occupied” wherever
20 it appears.

21 SEC. 702. Section 502 (a) of the Housing Act of 1949
22 is amended by striking out “In cases of applicants who are
23 elderly persons, the” and inserting in lieu thereof “The”.

24 SEC. 703. Section 504 of the Housing Act of 1949 is

1 amended by striking out “\$1,000” and inserting in lieu
2 thereof “\$1,500”.

3 SEC. 704. (a) Section 515 (a) of the Housing Act of
4 1949 is amended by inserting after “income” the following:
5 “or other persons and families of low income”.

6 (b) Section 515 (d) (1) of such Act is amended by
7 striking out “elderly persons or elderly families” and insert-
8 ing in lieu thereof “occupants eligible under this section”.

9 TITLE VIII—MISCELLANEOUS

10 HOUSING FOR THE ELDERLY OR HANDICAPPED

11 SEC. 801. Section 105 (b) of the Housing and Urban
12 Development Act of 1965 is amended—

13 (1) by inserting “(1)” after “(b)”;

14 (2) by striking out “Effective with respect to loans
15 made on or after the date of the enactment of this Act,
16 section” and inserting in lieu thereof “Section”; and

17 (3) by adding at the end thereof a new paragraph
18 as follows:

19 “(2) The interest rate provided by the amendment
20 made in paragraph (1) shall be applicable (A) with respect
21 to any loan made on or after August 10, 1965, and (B) with
22 respect to any loan made prior to such date if construction of
23 the housing or related facilities to be assisted by such loan
24 was not commenced prior to such date, and not completed

1 prior to the filing of an application for the benefits of such
2 interest rate.”

3 LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS FOR
4 DISPLACED FAMILIES—TERM OF LEASE

5 SEC. 802. Section 23 (d) of the United States Housing
6 Act of 1937 is amended by inserting after “thirty-six
7 months” the following: “ (except that it may be for a term of
8 up to sixty months in any case in which the public housing
9 agency determines that the housing to be leased thereunder
10 is needed for displaced families) ”.

11 APPLICATION OF DAVIS-BACON ACT TO LOW-RENT HOUS-
12 ING PROJECTS CONSISTING OF PRIVATELY BUILT HOUS-
13 ING

14 SEC. 803. Section 16 (2) of the United States Housing
15 Act of 1937 is amended by inserting after “the development
16 of the project involved” the following: “ (including a project
17 for the use of privately built housing in any case where the
18 public housing agency and the builder or sponsor enter into an
19 agreement for such use before construction is commenced) ”.

20 APPLICATION OF DAVIS-BACON ACT TO MULTIFAMILY
21 HOUSING CONSTRUCTION IN URBAN RENEWAL AREAS

22 SEC. 804. Section 105 of the Housing Act of 1949 is
23 amended by adding at the end thereof the following new
24 subsection:

25 “ (f) All laborers and mechanics employed by contrac-

1 tors or subcontractors in the construction of any multifamily
2 housing (as defined for purposes of this subsection by the
3 Secretary of Housing and Urban Development or his
4 designee) which may be involved in the redevelopment of the
5 urban renewal area, and which is not subject to the provisions
6 of section 212 of the National Housing Act or to other pro-
7 visions of Federal law imposing similar standards, will be
8 paid wages at rates not less than those prevailing on similar
9 construction in the locality as determined by the Secretary
10 of Labor in accordance with the Davis-Bacon Act, as
11 amended (40 U.S.C. 276a—276a-5). No contract for loan
12 or capital grant shall be entered into under this title with
13 respect to an urban renewal area whose redevelopment will
14 involve the construction of such housing without first obtain-
15 ing adequate assurance that the labor standards imposed by
16 the preceding sentence (or, in the case of housing which is
17 subject to the provisions of section 212 of the National Hous-
18 ing Act or to other provisions of Federal law imposing
19 similar standards, the labor standards imposed by such pro-
20 visions) will be maintained upon the construction work.
21 The Secretary of Labor shall have, with respect to the labor
22 standards specified in this subsection, the authority and func-
23 tions set forth in Reorganization Plan Numbered 14 of 1950
24 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and sec-

1 tion 2 of the Act of June 13, 1934, as amended (48 Stat.
2 948; 40 U.S.C. 276c).”

3 FEDERAL NATIONAL MORTGAGE ASSOCIATION PARTICIPA-
4 TION IN FEDERAL HOUSING ADMINISTRATION-INSURED
5 CONSTRUCTION FINANCING

6 SEC. 805. Section 305 of the National Housing Act
7 is amended by adding at the end thereof the following
8 new subsection:

9 “(i) In any case where the Association makes a com-
10 mitment to purchase under this section a mortgage insured
11 under section 213, or a mortgage executed by a cooperative
12 or a private nonprofit corporation or association and insured
13 under section 221 (d) (3), such commitment may provide
14 for participation by the Association in the making of insured
15 advances on the mortgage during construction. Such par-
16 ticipation shall be limited to 95 per centum of the amount
17 of each of the advances involved, and the mortgagee pro-
18 viding the balance of such amount shall perform all neces-
19 sary servicing and processing of such advances until the
20 final insurance endorsement of the mortgage.”

21 PLANNING GRANTS FOR RESEARCH ON STATE STATUTES
22 AFFECTING LOCAL GOVERNMENTS

23 SEC. 806. Section 701 (b) of the Housing Act of 1954
24 is amended by inserting before the period at the end thereof

1 the following: “, and for grants to assist in the conduct of
2 studies and research relating to needed revisions in State
3 statutes which create, govern, or control local governments
4 and local governmental operations”.

5 USE OF OPEN-SPACE GRANTS FOR DEVELOPMENT OF EXIST-
6 ING OPEN-SPACE LAND

7 SEC. 807. (a) Section 701 (b) of the Housing Act of
8 1961 is amended by inserting “, for the development and re-
9 development of existing parks and other open space,” after
10 “the Nation’s urban areas”.

11 (b) (1) The first sentence of section 702 (a) of such
12 Act is amended by inserting before the period at the end
13 thereof the following: “, or the development or redevelop-
14 ment, for open-space uses, of existing open-space land”.

15 (2) The second sentence of section 702 (a) of such Act
16 is amended by inserting before the period at the end thereof
17 the following: “or such development or redevelopment”.

18 PROHIBITION AGAINST OPEN-SPACE GRANTS TO CERTAIN
19 COMMUNITIES

20 SEC. 808. Section 702 of the Housing Act of 1961 is
21 amended by adding at the end thereof the following new
22 subsection:

23 “(f) No grant under this title shall be made to any
24 community having a median family income of over \$15,000.”

1 APPLYING ADVANCES IN TECHNOLOGY TO HOUSING AND
2 URBAN DEVELOPMENT

3 SEC. 809. (a) To encourage and assist the housing
4 industry to continue to reduce the cost and improve the
5 quality of housing by the application to home construction
6 of advances in technology, and to encourage and assist the
7 application of advances in technology to urban development
8 activities, the Secretary of Housing and Urban Development
9 is directed—

10 (1) to conduct research and studies to test and dem-
11 onstrate new and improved techniques and methods of
12 applying advances in technology to housing construc-
13 tion, rehabilitation, and maintenance, and urban devel-
14 opment activities; and

15 (2) to encourage and promote the acceptance and
16 application of new and improved techniques and methods
17 of constructing, rehabilitating, and maintaining housing
18 and the application of advances in technology to urban
19 development activities by all segments of the housing
20 industry, communities, industries engaged in urban de-
21 velopment activities, and the general public.

22 (b) Research and studies conducted under this section
23 shall be designed to test and demonstrate the applicability
24 to housing construction, rehabilitation, and maintenance, and

1 urban development activities, of advances in technology re-
2 lating to (1) design concepts, (2) construction and rehabil-
3 itation methods, (3) manufacturing processes, (4) materials
4 and products, and (5) building components.

5 (c) The Secretary is authorized to carry out the
6 research and studies authorized by this section either directly,
7 or by contract (for work to continue not more than two
8 years from the date of the contract) with public or private
9 bodies or agencies, or by working agreement with depart-
10 ments and agencies of the Federal Government, as he may
11 determine to be desirable.

12 (d) There are hereby authorized to be appropriated
13 such sums as may be necessary to carry out the provisions of
14 this section. All funds so appropriated shall remain avail-
15 able until expended when so provided in appropriation Acts.

16 (e) Nothing contained in this section shall limit any
17 authority of the Secretary under title III of the Housing
18 Act of 1948, section 602 of the Housing Act of 1956, or
19 any other provision of law.

20 PAYMENTS WITH RESPECT TO CERTAIN PROPERTIES AT OR

21 NEAR MILITARY BASES ORDERED TO BE CLOSED

22 SEC. 810. Section 108 of the Housing and Urban De-
23 velopment Act of 1965 is amended by redesignating subsec-
24 tions (e) and (f) as subsections (f) and (g), respectively,

1 and by inserting after subsection (d) the following new sub-
 2 section:

3 “(e) In any case in which a property could have been
 4 acquired by the Secretary of Defense in accordance with the
 5 preceding provisions of this section, but the owner of such
 6 property had instead sold it to another person (after the an-
 7 nouncement of the intention of the Department of Defense
 8 to close all or part of the base or installation) at a price less
 9 than its fair market value immediately prior to such announce-
 10 ment or lost it through foreclosure (after such announce-
 11 ment), the Secretary of Defense shall upon application pay
 12 to such owner as partial compensation for losses sustained
 13 in such sale or as a result of such foreclosure an amount equal
 14 to the difference between the fair market value of the prop-
 15 erty immediately prior to such announcement and the fair
 16 market value of the property at the time of such sale or
 17 foreclosure.”

18 STUDY CONCERNING RELIEF OF HOMEOWNERS IN

19 PROXIMITY TO AIRPORTS

20 SEC. 811. Section 1113 of the Housing and Urban
 21 Development Act of 1965 is amended—

22 (1) by inserting “(a)” after “SEC. 1113.”;

23 (2) by striking out “one year after the date of the
 24 enactment of this Act” and inserting in lieu thereof

“six months after the date of the enactment of the Housing and Urban Development Act of 1966”; and

(3) by adding at the end thereof the following new subsection:

“(b) There is authorized to be appropriated the sum of \$100,000 to carry out subsection (a).”

HYDROLOGY RESEARCH FOR URBAN DEVELOPMENT

SEC. 812. (a) The Congress finds that there is an increasingly severe impact upon the national economy occasioned by storm water damages and costs of storm drainage control in urban and metropolitan areas; that engineering technology directed toward the specialized storm drainage problems of urbanized areas has not kept pace with the growth of drainage problems in such areas; and that effective areawide comprehensive planning requires efficient planning and design of all elements of urban drainage systems.

(b) The Secretary of Housing and Urban Development is authorized—

(1) by contract with public or private agencies to conduct studies, investigations, research, and demonstrations to develop and improve all aspects of the science and technology of urban hydrology as it relates to storm drainage systems for urban and metropolitan areas and to collection sewers for such areas, and by working agreements with other departments and agen-

1 cies of the Federal Government to conduct studies, in-
2 vestigations, research, and demonstrations to develop
3 and improve all aspects of the science and technology
4 of urban hydrology;

5 (2) to evaluate the studies, investigations, research,
6 and demonstrations authorized by this section; and

7 (3) to make available, through publications and
8 other appropriate means, the information resulting from
9 such studies, investigations, research, and demonstra-
10 tions.

11 (c) The Secretary shall annually submit a report to the
12 President and to the Congress concerning the studies, investi-
13 gations, research, and demonstrations undertaken under this
14 section with such recommendations as he deems desirable for
15 additional legislation to develop the science of urban hydrol-
16 ogy and its application.

17 (d) There are hereby authorized to be appropriated such
18 sums as may be necessary to carry out the provisions of this
19 section. Appropriations authorized under this section shall
20 remain available until expended when so provided in appro-
21 priation Acts.

22 (e) Nothing contained in this section shall limit any
23 authority of the Secretary under title III of the Housing Act
24 of 1948, section 602 of the Housing Act of 1956, or any
25 other provision of law.

1 SPECIFIC URBAN RENEWAL PROJECTS

2 SEC. 813. (a) Notwithstanding any other provision
3 of law, moneys heretofore or hereafter expended by the
4 Massachusetts Institute of Technology for the acquisition
5 of real property (and related expenditures for demolition
6 and relocation) included in the overall development plans
7 proposed by such Institute and utilized, or to be utilized,
8 in connection with new facilities of such Institute within
9 one mile of urban renewal project Mass. R-107 (Kendall
10 Square) shall, if otherwise eligible and if made prior to
11 final payment of the capital grant for such project, be
12 counted as local grants-in-aid toward such project.

13 (b) Notwithstanding the extent to which the munic-
14 ipal police and courts building, the arts center, and the
15 municipal library building, located within or adjacent to
16 the central Little Rock urban renewal project (Arkan-
17 sas R-12) in Little Rock, Arkansas, may benefit areas
18 other than the urban renewal area, and notwithstanding
19 the date of the commencement of construction of each such
20 facility, expenses incurred by the city of Little Rock in
21 constructing such facilities shall, to the extent otherwise
22 eligible, be counted as local grants-in-aid toward such
23 project.

24 (c) Notwithstanding the date of the commencement of
25 construction of the Roosevelt School, Mary Manse College,

1 Mercy Hospital, and Saint Vincent's Hospital, in Toledo,
2 Ohio, local expenditures made in connection with such
3 schools and hospitals shall, to the extent otherwise eligible,
4 be counted as local grants-in-aid toward federally assisted
5 urban renewal projects in Toledo that will be served by such
6 schools and hospitals.

7 (d) Notwithstanding the extent to which the civic cen-
8 ter to be built within the Civic Center urban renewal project
9 (Texas R-83) in San Antonio, Texas, may benefit areas
10 other than the urban renewal area, expenses incurred by the
11 city of San Antonio in constructing such center shall, to the
12 extent otherwise eligible, be counted as local grants-in-aid
13 toward such project.

14 (e) Notwithstanding the extent to which the proposed
15 Community Services Center located within or adjacent to
16 the Buttermilk-Bottoms-North Avenue urban renewal proj-
17 ect (Ga. R-91) in Atlanta, Georgia, may benefit areas other
18 than the urban renewal area, expenses incurred by the city
19 of Atlanta in constructing such facilities shall, to the extent
20 otherwise eligible, be counted as local grants-in-aid toward
21 such project.

22 (f) There shall be counted as local grants-in-aid to-
23 ward the West Central urban renewal project (Michigan
24 R-85), in Albion, Michigan, to the extent otherwise eli-
25 gible—

1 (1) local expenditures made in connection with the
2 construction of the Austin Elementary School and the
3 installation of certain water distribution system facilities,
4 in the city of Albion, notwithstanding the date of the
5 commencement of such construction and such installa-
6 tion; and

7 (2) expenditures made in connection with the con-
8 struction of a new hospital plant in the city of Albion,
9 notwithstanding the distance between such hospital plant
10 (or the existing hospital in Albion) and the urban
11 renewal project.

12 (g) Notwithstanding the date of the commencement of
13 construction of the Florence Primary School in Garden City,
14 Michigan, local expenditures made in connection with such
15 school shall, to the extent otherwise eligible, be counted as
16 local grants-in-aid for the Cherry Hill urban renewal proj-
17 ect (Michigan R-46).

18 (h) Notwithstanding the date of the commencement
19 of construction of the Beale Street interceptor sewer in
20 Memphis, Tennessee, local expenditures made in connection
21 with such sewer shall, to the extent otherwise eligible, be
22 counted as local grants-in-aid to the medical center urban
23 renewal area II project (Tennessee R-68), the medical
24 center urban renewal area III project (Tennessee R-75),

1 and the Beale Street urban renewal area project (Ten-
2 nessee R-77).

3 (i) Notwithstanding the extent to which the Portland
4 Public Auditorium, located within or adjacent to the South
5 Auditorium urban renewal project Oregon R-1 in Portland,
6 Oregon, may benefit areas other than the urban renewal
7 area, expenses incurred by the city of Portland in an amount
8 not exceeding \$4,000,000 for rehabilitating that facility
9 shall, to the extent otherwise eligible, be counted as local
10 grants-in-aid toward such project.

11 (j) Notwithstanding the extent to which the civic cen-
12 ter and sports arena proposed to be built in or adjacent to
13 urban renewal project Mass. R-7 (North End) in Spring-
14 field, Massachusetts, may benefit areas other than the urban
15 renewal area, expenses incurred by the city of Springfield
16 in constructing such center and arena shall, to the extent
17 otherwise eligible, be counted as local grants-in-aid toward
18 such project.

19 (k) Notwithstanding the extent to which the Coliseum-
20 Convention Center proposed to be built within the Church
21 Street redevelopment and renewal project (Connecticut
22 R-2) in New Haven, Connecticut, may benefit areas other
23 than the urban renewal area, expenses incurred by the city
24 of New Haven in constructing such Coliseum-Convention

1 Center shall, to the extent otherwise eligible, be counted as
2 a grant-in-aid toward such project.

3 (1) Notwithstanding the extent to which the water
4 works improvement and extension project of the city of
5 Olathe, Kansas, may benefit areas other than the urban
6 renewal area, expenses incurred by the city of Olathe in
7 constructing such project shall, to the extent otherwise eligi-
8 ble, be counted as local grants-in-aid toward the Olathe urban
9 renewal project (Kansas R-31).

10 (m) Notwithstanding the provisions of section 110(c)
11 of the Housing Act of 1949, the area in Hackensack, New
12 Jersey, hereinafter described shall be eligible for assistance
13 under title I of such Act on the same basis as a built-up
14 blighted area. Such area, known as the University Park
15 urban renewal area and being an area of approximately 185
16 acres, is bounded generally as follows: On the north, by
17 State Highway Route 4; on the east, by the Hackensack
18 River; on the south, by Passaic Street and its prolongation
19 easterly to the Hackensack River; and on the west, by
20 Main Street, the New Jersey-New York Railroad, De Voe
21 Place, and Hackensack Avenue.

22 (n) Notwithstanding the date of the commencement of
23 construction of a certain storm drainage system in Sacra-
24 mento, California, local expenditures made in connection

1 with such storm drainage system shall, to the extent other-
2 wise eligible, be counted as local grants-in-aid toward the
3 Capitol Mall Riverfront urban renewal project (California
4 R-67) .

5 (o) Notwithstanding the extent to which the Hampden
6 Bridge may benefit areas other than the area originally desig-
7 nated for the urban renewal project Colorado R-19 (C)
8 (South Platte River) in Sheridan, Colorado, expenses in-
9 curred by the city of Sheridan in repairing such bridge shall,
10 to the extent otherwise eligible, be counted as local grants-
11 in-aid toward any federally assisted urban renewal project
12 undertaken for that same area.

13 (p) Notwithstanding the extent to which the Civic
14 Center and the City-County-Justice Building to be built
15 within the Central Business District Numbered 1 urban
16 renewal project (Michigan R-131) in Saginaw, Michigan,
17 may benefit areas other than the urban renewal area, ex-
18 penses incurred by the city of Saginaw in connection with
19 such center and building shall, to the extent otherwise eligi-
20 ble, be counted as local grants-in-aid toward such project.

21 (q) Notwithstanding the extent to which the down-
22 town civic center, municipal auditorium-music hall, Tivoli
23 Gardens, and cultural complex proposed to be built in
24 the urban renewal project Oklahoma R-26 (GN) (central
25 business district) in Oklahoma City, Oklahoma, may benefit

1 areas other than the urban renewal area, expenses incurred
2 by the city of Oklahoma City in the development and con-
3 struction of such facilities shall, to the extent otherwise eligi-
4 ble, be counted as local grants-in-aid toward such project.

5 (r) Notwithstanding the extent to which the fire and
6 police headquarters within the Slater urban renewal project
7 (Rhode Island R-11) in Pawtucket, Rhode Island, and
8 the public works depot replacing the municipal garage in
9 that project may benefit areas other than the urban renewal
10 area, expenses incurred by the city of Pawtucket in connec-
11 tion with such facilities shall, to the extent otherwise eligible,
12 be counted as local grants-in-aid toward such project: *Pro-*
13 *vided*, That the expenses which may be so counted shall not
14 exceed \$500,000 in connection with such fire and police
15 headquarters and \$250,000 in connection with such public
16 works depot.

17 (s) Notwithstanding the extent to which the Sinclair
18 Community College to be built within urban renewal proj-
19 ects Ohio R-15 and R-58 in Dayton, Ohio, and the Mont-
20 gomery County Courts-Jail Building recently completed ad-
21 jacent to such urban renewal projects, may benefit areas
22 other than the urban renewal areas, expenses incurred by
23 the Montgomery County Community College District and
24 the city of Dayton in constructing such college shall be
25 counted as local grant-in-aid toward any federally assisted

1 urban renewal project in Dayton, and local expenditures
2 made in connection with such building shall be counted as
3 local grants-in-aid toward such projects R-15 and R-58, to
4 the extent such expenses and expenditures are otherwise
5 eligible.

6 USE OF CERTAIN LANDS FOR CIVIL DEFENSE PURPOSES

7 SEC. 814. Section 2 of the Act entitled "An Act to
8 provide for the conveyance of a tract of land in Prince
9 Georges County, Maryland, to the State of Maryland for
10 use as a site for a National Guard Armory and for training
11 the National Guard or for other military purposes", approved
12 August 10, 1949 (63 Stat. 592), is amended by striking
13 out "The land" and inserting in lieu thereof "(a) Except as
14 provided in subsection (b) of this section, the land" and by
15 adding at the end thereof the following new subsection:

16 "(b) The Secretary of Housing and Urban Develop-
17 ment shall execute the necessary instrument or instruments
18 to provide that a certain portion of land, not to exceed two
19 acres, on the easterly side of the land described in the first
20 section of this Act, as more particularly determined and
21 designated by the Secretary of the Army, may be used for
22 civil defense or other emergency preparedness purposes or
23 the purposes stated in subsection (a) and that such use
24 shall not cause the reverter clause set forth herein to become
25 operable."

1 MISCELLANEOUS AND TECHNICAL AMENDMENTS

2 SEC. 815. (a) Section 106 (d) of the Housing Act of
3 1949 is repealed.

4 (b) (1) Section 113 (a) of the Housing Act of 1949
5 and section 701 (a) (3) of the Housing Act of 1954 are
6 amended by inserting “(or under any Act supplementary
7 thereto)” after “Area Redevelopment Act”.

8 (2) Section 113 (d) of the Housing Act of 1949 is
9 amended by inserting “(or Act supplementary thereto)”
10 after “Area Redevelopment Act”.

11 (c) Section 227 (a) of the National Housing Act is
12 amended by striking out “subsection (b) (2)” in clause
13 (vi) and inserting in lieu thereof “subsection (b)”.

14 (d) The last sentence of section 305 (e) of the National
15 Housing Act is amended by striking out “supplementing”
16 and inserting in lieu thereof “supplementary”.

17 (e) Section 308 of the National Housing Act is amended
18 by striking out “(a)”.

19 (f) Section 512 of the National Housing Act is amended
20 by striking out “or IX” and inserting in lieu thereof “IX,
21 X, or XI”.

22 (g) Section 1001 (c) of the National Housing Act is
23 amended by striking out “‘mortgage’” and inserting in lieu
24 thereof “‘mortgagee’”.

1 CONFORMING NOMENCLATURE IN STATUTES TO DEPART-
2 MENT OF HOUSING AND URBAN DEVELOPMENT ACT

3 SEC. 816. (a) (1) The National Housing Act is
4 amended—

5 (A) by striking out “Federal Housing Adminis-
6 tration” each place it appears and inserting in lieu
7 thereof “Department of Housing and Urban Develop-
8 ment”;

9 (B) by striking out “Federal Housing Commis-
10 sioner” each place it appears and inserting in lieu
11 thereof “Secretary of Housing and Urban Develop-
12 ment”;

13 (C) by striking out “Commissioner” each place it
14 appears and inserting in lieu thereof “Secretary”; and

15 (D) by striking out “Commissioner’s” each place
16 it appears and inserting in lieu thereof “Secretary’s”.

17 (2) The heading of section 1 of such Act is amended
18 by striking out “CREATION OF FEDERAL HOUSING ADMINIS-
19 TRATION” and inserting in lieu thereof “ADMINISTRATIVE
20 PROVISIONS”.

21 (3) Section 1 of such Act is amended—

22 (A) by striking out the first paragraph;

23 (B) by inserting immediately before “may estab-
24 lish” in the first sentence of the second paragraph the

1 following: “(hereinafter referred to as the ‘Secre-
2 tary’)”; and

3 (C) by striking out “Administration” in the last
4 sentence of the second paragraph and inserting in lieu
5 thereof “Department”.

6 (4) Sections 2 (c) (2), 204 (g), 604 (g), and 904 (f)
7 of such Act are amended by striking out “the Commissioner
8 or by any Assistant Commissioner” and inserting in lieu
9 thereof “an officer”.

10 (5) The first sentence of section 206 of such Act is
11 amended by striking out “shall be deposited” and inserting
12 in lieu thereof “related to insurance under section 203 shall
13 be deposited”.

14 (6) The first sentence of section 209 of such Act is
15 amended by adding “in connection with the insurance pro-
16 grams” after “made”.

17 (7) Section 220 (d) (1) (A) of such Act is amended—

18 (A) by striking out “Housing and Home Finance
19 Administrator” each place it appears and inserting in lieu
20 thereof “Secretary of Housing and Urban Develop-
21 ment”;

22 (B) by striking out “Administrator” each place it
23 appears and inserting in lieu thereof “Secretary”;

24 (C) by striking out “certification to the Commis-

1 sioner” and inserting in lieu thereof “determination”;
2 and

3 (D) by striking out “certified to the Commissioner”
4 each place it appears and inserting in lieu thereof
5 “determined”.

6 (8) Section 223 (a) (2) of such Act is amended—

7 (A) by striking out “Public Housing Administra-
8 tion” and inserting in lieu thereof “Secretary of Housing
9 and Urban Development”; and

10 (B) by striking out “said Administration” and in-
11 serting in lieu thereof “Secretary”.

12 (9) The heading of section 226 of such Act is amended
13 by striking out “FHA”.

14 (10) Section 302 (a) of such Act is amended by strik-
15 ing out “a constituent agency of the Housing and Home
16 Finance Agency” and inserting in lieu thereof “in the De-
17 partment of Housing and Urban Development”.

18 (11) Section 306 (e) of such Act is amended by
19 striking out “Housing and Home Finance Agency or its
20 Administrator, or by such Agency’s constituent units or
21 agencies or the heads thereof” and inserting in lieu thereof
22 “Secretary of Housing and Urban Development”.

23 (12) Sections 303 (g) and 308 of such Act are amended
24 by striking out “Housing and Home Finance Administrator”

1 and inserting in lieu thereof "Secretary of Housing and
2 Urban Development".

3 (13) Section 308 of such Act is further amended by
4 striking out "said Administrator" each place it appears and
5 inserting in lieu thereof "the Secretary".

6 (14) The third paragraph of section 603 (a) of such Act
7 is amended by striking out "in any field office of" and insert-
8 ing in lieu thereof "by".

9 (15) The second paragraph of section 610 of such Act
10 is amended—

11 (A) by striking out "Public Housing Administra-
12 tion" and inserting in lieu thereof "Secretary"; and

13 (B) by striking out "said Administration" and in-
14 serting in lieu thereof "Secretary".

15 (16) Section 803 (b) (2) of such Act is amended—

16 (A) by striking out "Secretary or his designee" in
17 the first sentence and inserting in lieu thereof "Secre-
18 tary of Defense or his designee";

19 (B) by striking out "certified by the Secretary" in
20 the third sentence and inserting in lieu thereof "certified
21 by the Secretary of Defense";

22 (C) by striking out "require the Secretary" in the
23 third sentence and inserting in lieu thereof "require the
24 Secretary of Defense"; and

1 (D) by striking out “Secretary to guarantee” in the
2 fourth sentence and inserting in lieu thereof “Secretary
3 of Defense to guarantee”.

4 (17) Section 807 of such Act is amended by striking
5 out the second sentence.

6 (18) Section 809 of such Act is amended—

7 (A) by striking out “Secretary or his designee” in
8 subsections (a) and (b) and inserting in lieu thereof
9 “Secretary of Defense or his designee”;

10 (B) by striking out “Secretary to guarantee” in
11 subsection (b) and inserting in lieu thereof “Secretary
12 of Defense to guarantee”;

13 (C) by striking out “ ‘Secretary or his designee’,
14 and ‘Secretary’ ” in subsection (g) (2) (i) and insert-
15 ing in lieu thereof “ ‘Secretary of Defense or his des-
16 ignee’, and ‘Secretary of Defense’ ”; and

17 (D) by striking out “such Administration” in both
18 places it appears in subsection (g) (2) (iii) and insert-
19 ing in lieu thereof “National Aeronautics and Space
20 Administration”.

21 (19) Section 903 (a) of such Act is amended by strik-
22 ing out “Housing and Home Finance Administrator” and
23 inserting in lieu thereof “Secretary of Housing and Urban
24 Development”.

25 (20) Section 903 (d) of such Act is amended by striking

1 out “, with the approval of the Housing and Home Finance
2 Administrator,”.

3 (21) Section 1003 (b) (3) of such Act is amended by
4 striking out “Housing and Home Finance Administrator”
5 and inserting in lieu thereof “Secretary”.

6 (b) (1) The United States Housing Act of 1937 is
7 amended by striking out “Administrator” each place it ap-
8 pears and inserting in lieu thereof “Secretary”.

9 (2) Section 3 of such Act is amended by—

10 (A) striking out “Department of the Interior” in
11 subsection (a) and inserting in lieu thereof “Depart-
12 ment of Housing and Urban Development”;

13 (B) by striking out “an Administrator,” and all
14 that follows in subsection (b) and inserting in lieu
15 thereof “the Secretary of Housing and Urban Develop-
16 ment (hereinafter referred to as the ‘Secretary’).”;

17 (C) by striking out the first sentence of subsection
18 (c) ; and

19 (D) by striking out “Neither the Administrator
20 nor any” in subsection (c) and inserting in lieu thereof
21 “No”.

22 (3) Section 4 of such Act is amended by striking out
23 subsections (a) and (b) and redesignating subsections (c)
24 and (d) as subsections (a) and (b).

1 (4) Section 5 (b) of such Act is amended by striking
2 out “shall sue” and inserting in lieu thereof “may sue”.

3 (5) Section 5 of such Act is further amended by striking
4 out subsection (c) and redesignating subsections (d) and
5 (e) as subsections (c) and (d), respectively.

6 (6) Section 7 (b) of such Act is amended—

7 (A) by striking out “Housing and Home Finance
8 Administrator” and inserting in lieu thereof “Secre-
9 tary”; and

10 (B) by striking out “Housing and Home Finance
11 Agency” and inserting in lieu thereof “Department of
12 Housing and Urban Development”.

13 (7) Section 13 (b) of such Act is amended by striking
14 out “4 (d)” and inserting in lieu thereof “4 (b)”.

15 (8) Section 16 (1) of such Act is amended by striking
16 out “suits shall” in the proviso and inserting in lieu thereof
17 “suits may”.

18 (9) Section 16 of such Act is further amended by strik-
19 ing out paragraphs (3) and (4) and redesignating para-
20 graph (5) as paragraph (3).

21 (10) Section 22 (b) of such Act is amended by striking
22 out “first” in the proviso.

23 (c) Section 20 of the District of Columbia, Redevelop-
24 ment Act is amended—

25 (1) by striking out “Housing and Home Finance

1 Administrator (hereafter in this section referred to as
2 the Administrator) ” in subsection (a) and inserting in
3 lieu thereof “Secretary of Housing and Urban Develop-
4 ment (hereinafter in this section referred to as the Secre-
5 tary) ”; and

6 (2) by striking out “Administrator” each place it
7 appears and inserting in lieu thereof “Secretary”.

8 (d) Section 101 of the Government Corporation Con-
9 trol Act is amended by striking out “Federal Public Housing
10 Authority (or Public Housing Administration) ” and insert-
11 ing in lieu thereof “United States Housing Authority”.

12 (e) (1) Section 301 of the Housing Act of 1948 is
13 amended—

14 (A) by striking out “Housing and Home Finance
15 Administrator” and inserting in lieu thereof “Secretary
16 of Housing and Urban Development”;

17 (B) by striking out “Administrator” each place it
18 appears in subsections (a) and (b) and inserting in
19 lieu thereof “Secretary”; and

20 (C) by striking out the last two sentences of sub-
21 section (a).

22 (2) Section 302 of such Act is amended by striking out
23 “Administrator” each place it appears and inserting in lieu
24 thereof “Secretary”.

25 (3) Section 304 of such Act is repealed.

1 (4) Section 502 of such Act is amended—

2 (A) by striking out “Housing and Home Finance
3 Administrator” in subsection (a) and inserting in lieu
4 thereof “Secretary of Housing and Urban Develop-
5 ment”;

6 (B) by striking out “Administrator” each place
7 it appears in subsection (a) and inserting in lieu thereof
8 “Secretary”;

9 (C) by striking out the next to the last sentence
10 in subsection (a) ;

11 (D) by striking out “Public Housing Administra-
12 tion” each place it appears in the first and fourth sen-
13 tences of subsection (b) and inserting in lieu thereof
14 “United States Housing Authority”;

15 (E) by striking out “Administration” each place
16 it appears in the third sentence of subsection (b) and
17 inserting in lieu thereof “Authority”;

18 (F) by striking out “shall sue” in the first sentence
19 of subsection (b) and inserting in lieu thereof “may
20 sue”;

21 (G) by striking out the second sentence of sub-
22 section (b) ;

23 (H) by striking out “Housing and Home Finance
24 Administrator, the Home Loan Bank Board” where
25 it first appears in subsection (c) and inserting in lieu

1 thereof “Secretary of Housing and Urban Development
2 and the Federal Home Loan Bank Board”;

3 (I) by striking out “Home Loan Bank Board),
4 the Federal Housing Commissioner, and the Public
5 Housing Commissioner” in subsection (c) and insert-
6 ing in lieu thereof “Federal Home Loan Bank Board)”;

7 (J) by striking out “Housing and Home Finance
8 Administrator, the Home Loan Bank Board, the Fed-
9 eral Housing Commissioner, and the Public Housing
10 Commissioner” in subsection (c) (3) and inserting in
11 lieu thereof “Secretary of Housing and Urban Develop-
12 ment and the Federal Home Loan Bank Board”;

13 (K) by striking out “said officers or agencies” in
14 subsection (c) (3) and inserting in lieu thereof “such
15 officer or agency”;

16 (L) by striking out “Housing and Home Finance
17 Administrator, the Federal Housing Commissioner, and
18 the Public Housing Commissioner, respectively, may
19 utilize funds made available to them” in subsection (d)
20 and inserting in lieu thereof “Secretary of Housing and
21 Urban Development may utilize funds made available to
22 him”; and

23 (M) by striking out “of the respective agencies” in
24 subsection (d).

1 (f) (1) Section 2 of the Housing Act of 1949 is
2 amended by striking out “The Housing and Home Finance
3 Agency and its constituent agencies” and inserting in lieu
4 thereof “The Department of Housing and Urban Develop-
5 ment”.

6 (2) Title I of such Act is amended by striking out
7 “Administrator” each place it appears and inserting in lieu
8 thereof “Secretary”.

9 (3) Section 101 (c) of such Act is amended by striking
10 out “to the constituent agencies affected”.

11 (4) The last sentence of section 103 (b) of such Act is
12 amended by striking out “paid or accrued to the Secretary”
13 and inserting in lieu thereof “paid or accrued to the Secretary
14 of the Treasury”.

15 (5) Section 106 (a) of such Act is amended by striking
16 out paragraph (1) and redesignating paragraphs (2) and
17 (3) as (1) and (2).

18 (6) Section 107 (b) of such Act is amended by striking
19 out “Public Housing Commissioner” and inserting in lieu
20 thereof “Secretary of Housing and Urban Development”.

21 (7) Section 110 (j) of such Act is amended to read as
22 follows:

23 “(j) ‘Secretary’ means the Secretary of Housing and
24 Urban Development”.

1 (8) Section 601 of such Act is amended (A) by strik-
2 ing out “The Housing and Home Finance Administrator and
3 the head of each constituent agency of the Housing and
4 Home Finance Agency” and inserting in lieu thereof “The
5 Secretary of Housing and Urban Development”, and (B)
6 by striking out “each” and inserting in lieu thereof “he”.

7 (9) Section 605 of such Act is repealed.

8 (10) Section 612 of such Act is amended by striking
9 out “Housing and Home Finance Agency” each place it
10 appears and inserting in lieu thereof “Department of Hous-
11 ing and Urban Development”.

12 (g) Section 602 (d) (11) of the Federal Property and
13 Administrative Services Act of 1949 is amended by striking
14 out “the Housing and Home Finance Agency, or any officer
15 or constituent agency therein,” and inserting in lieu thereof
16 “the Department of Housing and Urban Development or
17 any officer thereof”.

18 (h) (1) Title IV of the Housing Act of 1950 is amend-
19 ed by striking out “Administrator” each place it appears
20 and inserting in lieu thereof “Secretary”.

21 (2) Section 402 (c) (2) of such Act is amended by
22 striking out “Federal Security Agency” and inserting in
23 lieu thereof “Department of Health, Education, and Wel-
24 fare”.

1 (3) Section 404 (f) of such Act is amended to read as
2 follows:

3 “(f) ‘Secretary’ means the Secretary of Housing and
4 Urban Development.”

5 (4) Section 507 of such Act is amended—

6 (A) by striking out “Public Housing Administra-
7 tion” and inserting in lieu thereof “Secretary of Housing
8 and Urban Development”, and

9 (B) by striking out “Administration” and inserting
10 in lieu thereof “Department”.

11 (5) Section 508 of such Act is amended by striking
12 out “Federal Housing Commissioner” and inserting in lieu
13 thereof “Secretary of Housing and Urban Development”.

14 (i) Section 304 of the Territorial Enabling Act of
15 1950 is amended by striking out “Housing and Home
16 Finance Administrator” and inserting in lieu thereof “Sec-
17 retary of Housing and Urban Development”.

18 (j) (1) Sections 312, 314, 701, and 702 of the Hous-
19 ing Act of 1954 are amended by striking out “Adminis-
20 trator” each place it appears and inserting in lieu thereof
21 “Secretary”.

22 (2) Section 125 of such Act is amended by striking
23 out “Commissioner” in both places where it appears and
24 inserting in lieu thereof “Secretary of Housing and Urban
25 Development”.

1 (3) Section 314 (a) of such Act is amended by strik-
2 ing out “Housing and Home Finance Administrator” and
3 inserting in lieu thereof “Secretary of Housing and Urban
4 Development”.

5 (4) Section 703 of such Act is amended by striking
6 out clause (2) and inserting in lieu thereof “(2) the term
7 ‘Secretary’ shall mean the Secretary of Housing and Urban
8 Development;”.

9 (5) Section 801 of such Act is amended—

10 (A) by striking out “Federal Housing Commis-
11 sioner” each place it appears and inserting in lieu
12 thereof “Secretary of Housing and Urban Develop-
13 ment”; and

14 (B) by striking out “Commissioner” each place it
15 appears and inserting in lieu thereof “Secretary”.

16 (6) Section 802 (a) of such Act is amended—

17 (A) by striking out “FHA”;

18 (B) by striking out “Housing and Home Finance
19 Administrator” and inserting in lieu thereof “Secre-
20 tary of Housing and Urban Development”; and

21 (C) by striking out “Housing and Home Finance
22 Agency” and inserting in lieu thereof “Department of
23 Housing and Urban Development”.

24 (7) Section 811 of such Act is amended by striking out
25 “Housing and Home Finance Agency, including its con-

1 stituent agencies” and inserting in lieu thereof “Department
2 of Housing and Urban Development”.

3 (8) Section 814 of such Act is amended—

4 (A) by striking out “Federal Housing Commis-
5 sioner” and inserting in lieu thereof “Secretary of Hous-
6 ing and Urban Development”;

7 (B) by striking out “Housing and Home Finance
8 Agency (or any official or constituent thereof)” and
9 inserting in lieu thereof “Department of Housing and
10 Urban Development”;

11 (C) by striking out “Housing and Home Finance
12 Agency (or such official or constituent thereof)” and
13 inserting in lieu thereof “Department of Housing and
14 Urban Development”; and

15 (D) by striking out “Housing and Home Finance
16 Agency or any official or constituent agency thereof”
17 and inserting in lieu thereof “Department of Housing
18 and Urban Development”.

19 (9) Section 816 of such Act is amended by striking out
20 “Public Housing Commissioner” and inserting in lieu thereof
21 “Secretary of Housing and Urban Development”.

22 (10) Section 817 of such Act is amended—

23 (A) by striking out “Housing and Home Finance
24 Administrator” and inserting in lieu thereof “Secretary
25 of Housing and Urban Development”; and

(B) by striking out “Housing and Home Finance Agency” and inserting in lieu thereof “Department of Housing and Urban Development”.

(k) Sections 32 and 62 a. of the Atomic Energy Community Act of 1955 are amended by striking out “Federal Housing Commissioner” each place it appears and inserting in lieu thereof “Secretary of Housing and Urban Development”.

(1) (1) Section 113 of the Housing Amendments of 1955 is repealed.

(2) Title II of such Amendments is amended by striking out “Administrator” each place it appears and inserting in lieu thereof “Secretary”.

(3) Section 202 (a) of such Amendments is amended by striking out “Housing and Home Finance Administrator” and inserting in lieu thereof “Secretary of Housing and Urban Development”.

(4) Section 403 of such Amendments is amended by striking out “Commissioner” each place it appears and inserting in lieu thereof “Secretary of Housing and Urban Development”.

(5) Section 404 of such Amendments is amended—

(A) by striking out “Federal Housing Commissioner” each place it appears and inserting in lieu thereof “Secretary of Housing and Urban Development”;

1 (B) by striking out “Federal Housing Commis-
2 sioner’s” in subsection (a) and inserting in lieu thereof
3 “Secretary of Housing and Urban Development’s”; and

4 (C) by striking out “Commissioner” each place it
5 appears in subsection (a) and inserting in lieu thereof
6 “Secretary of Housing and Urban Development”.

7 (6) Section 406 of such Amendments is amended—

8 (A) by striking out “Public Housing Administra-
9 tion” and inserting in lieu thereof “Secretary of Housing
10 and Urban Development”;

11 (B) by striking out “Federal Housing Commis-
12 sioner” and inserting in lieu thereof “Secretary of Hous-
13 ing and Urban Development”; and

14 (C) by striking out “Federal Housing Administra-
15 tion” and inserting in lieu thereof “Department of
16 Housing and Urban Development”.

17 (7) Section 409 (a) of such Act is amended by striking
18 out “or ‘Secretary’ ”.

19 (8) Title IV of such Act is further amended by insert-
20 ing “of Defense” after “Secretary”—

21 (A) in the fourth and sixth sentences of section
22 403 (a) ;

23 (B) in section 403 (b) ;

24 (C) in the last three sentences of section 403 (d) ;

25 (D) in the proviso in section 404 (a) ;

1 (E) in the next to last sentence of section 404

2 (c) (2) ;

3 (F) where it first appears in section 404 (e) ;

4 (G) in the third proviso in section 406; and

5 (H) in the last two sentences of section 406.

6 (m) (1) Section 104 (d) of the Housing Act of 1956
7 is amended by striking out “Housing and Home Finance
8 Administrator” and inserting in lieu thereof “Secretary of
9 Housing and Urban Development”.

10 (2) Section 602 of such Act is amended—

11 (A) by striking out “Housing and Home Finance
12 Administrator” in subsection (a) and inserting in lieu
13 thereof “Secretary of Housing and Urban Develop-
14 ment”;

15 (B) by striking out “Administrator” each place it
16 appears and inserting in lieu thereof “Secretary”; and

17 (C) by striking out “Housing and Home Finance
18 Agency” in subsection (c) and inserting in lieu thereof
19 “Department of Housing and Urban Development”.

20 (n) (1) Section 104 of the Housing Act of 1957 is
21 amended by striking out “Federal Housing Commissioner”
22 and inserting in lieu thereof “Secretary of Housing and
23 Urban Development”.

24 (2) Section 604 of such Act is amended—

25 (A) by striking out “Housing and Home Finance

1 Administrator” and inserting in lieu thereof “Secretary
2 of Housing and Urban Development”; and

3 (B) by striking out “Housing and Home Finance
4 Agency” and inserting in lieu thereof “Department of
5 Housing and Urban Development”.

6 (3) Section 605 of such Act is amended—

7 (A) by striking out “Federal Housing Commis-
8 sioner” and inserting in lieu thereof “Secretary of Hous-
9 ing and Urban Development”; and

10 (B) by striking out “Commissioner” and inserting
11 in lieu thereof “Secretary”.

12 (o) (1) Sections 52, 53, and 56 of the Alaska Omnibus
13 Act are amended by striking out “Housing and Home Fi-
14 nance Administrator” and inserting in lieu thereof “Secretary
15 of Housing and Urban Development”.

16 (2) Section 53 of such Act is further amended by
17 striking out “Administrator” in the second paragraph and
18 inserting in lieu thereof “Secretary”.

19 (p) (1) Section 202 of the Housing Act of 1959 is
20 amended—

21 (A) by striking out “Administrator” each place it
22 appears and inserting in lieu thereof “Secretary”;

23 (B) by striking out in subsection (c) (2) “, ex-
24 cept” and all that follows down through and including
25 “section 513”; and

(C) by amending subsection (d) (6) to read as follows:

“(6) The term ‘Secretary’ means the Secretary of Housing and Urban Development.”

(2) Section 306 (b) of such Act is amended—

(A) by striking out “Housing and Home Finance Administrator” and inserting in lieu thereof “Secretary of Housing and Urban Development”; and

(B) by striking out “Administrator” and inserting in lieu thereof “Secretary”.

(3) Sections 802 (a) and 808 of such Act are amended by striking out “Housing and Home Finance Administrator” and inserting in lieu thereof “Secretary of Housing and Urban Development”.

(q) Section 5 of the Act of September 8, 1960 (74 Stat. 872), is amended by striking out “Housing and Home Finance Administrator” and inserting in lieu thereof “Secretary of Housing and Urban Development”.

(r) (1) Sections 207 and 312 of the Housing Act of 1961 are amended by striking out “Housing and Home Finance Administrator” and inserting in lieu thereof “Secretary of Housing and Urban Development”.

(2) Section 312 of such Act is further amended by striking out “Administrator” and inserting in lieu thereof “Secretary”.

1 (3) Title VII of such Act is amended by striking out
2 “Administrator” each place it appears and inserting in lieu
3 thereof “Secretary”.

4 (4) Section 702 of such Act is amended—

5 (A) by striking out “Housing and Home Finance
6 Administrator (hereinafter referred to as the ‘Adminis-
7 trator’)” in subsection (a) and inserting in lieu thereof
8 “Secretary of Housing and Urban Development (here-
9 inafter referred to as the ‘Secretary’)”; and

10 (B) by striking out “Secretary from time to time”
11 in subsection (e) and inserting in lieu thereof “Secre-
12 tary of the Interior from time to time”.

13 (5) Section 905 of such Act is amended—

14 (A) by striking out “Housing and Home Finance
15 Administrator and the Public Housing Administration
16 are” and inserting in lieu thereof “Secretary of Housing
17 and Urban Development is”; and

18 (B) by striking out “Administration” both places
19 it appears and inserting in lieu thereof “Secretary”.

20 (s) Section 2 of the Senior Citizens Housing Act of
21 1962 is amended by striking out “Housing and Home
22 Finance Agency” in the second sentence and inserting in lieu
23 thereof “Department of Housing and Urban Development”.

24 (t) (1) The Urban Mass Transportation Act of 1964

1 is amended by striking out "Administrator" each place it
2 appears and inserting in lieu thereof "Secretary".

3 (2) Section 9 (c) (3) of such Act is amended to read
4 as follows:

5 " (3) the term 'Secretary' means the Secretary of
6 Housing and Urban Development;".

7 (u) (1) Section 107 (g) of the Housing Act of 1964 is
8 amended by striking out "Federal Housing Commissioner"
9 and inserting in lieu thereof "Secretary of Housing and
10 Urban Development".

11 (2) Section 312 of such Act is amended—

12 (A) by striking out "Administrator" each place it
13 appears and inserting in lieu thereof "Secretary";

14 (B) by striking out "Housing and Home Finance
15 Administrator" in subsection (a) and inserting in lieu
16 thereof "Secretary of Housing and Urban Develop-
17 ment";

18 (C) by amending subsection (b) (4) to read as
19 follows:

20 " (4) the term 'Secretary' means the Secretary of
21 Housing and Urban Development."; and

22 (D) by striking out "Federal Housing Commis-
23 sioner" in subsection (c) (4) (A) and inserting in lieu

1 thereof “Secretary of Housing and Urban Develop-
2 ment”.

3 (4) Section 318 of such Act is amended by striking
4 out “Housing and Home Finance Administrator” and in-
5 serting in lieu thereof “Secretary of Housing and Urban
6 Development”.

7 (5) Title VIII of such Act is amended by striking out
8 “Administrator” each place it appears and inserting in lieu
9 thereof “Secretary”.

10 (6) Section 805 (a) of such Act is amended by striking
11 out “ ‘Administrator’ means the Housing and Home Finance
12 Administrator” and inserting in lieu thereof “ ‘Secretary’
13 means the Secretary of Housing and Urban Development”.

14 (7) Section 810 of such Act is amended by striking
15 out “Housing and Home Finance Administrator” in subsec-
16 tions (a) and (b) and inserting in lieu thereof “Secretary
17 of Housing and Urban Development”.

18 (8) Section 1005 of such Act is amended—

19 (A) by striking out “Federal Housing Commis-
20 sioner” and inserting in lieu thereof “Secretary of Hous-
21 ing and Urban Development”; and

22 (B) by striking out “Federal Housing Administra-
23 tion” and inserting in lieu thereof “Department of Hous-
24 ing and Urban Development”.

25 (9) Section 1006 of such Act is amended by striking out

1 “Public Housing Commissioner” and inserting in lieu thereof
2 “Secretary of Housing and Urban Development”.

3 (10) Section 1007 of such Act is amended—

4 (A) by striking out “Housing and Home Finance
5 Administrator and the Public Housing Commissioner
6 are” each place it appears and inserting in lieu thereof
7 “Secretary of Housing and Urban Development is”; and

8 (B) by striking out “Public Housing Administra-
9 tion” and inserting in lieu thereof “Secretary”.

10 (v) (1) The Housing and Urban Development Act of
11 1965 is amended by striking out “Administrator” each place
12 it appears in sections 101 (c), (d), (e), and (g); 301 (b);
13 313 (b); 315 (a) (8); 402; and 404 (a), and inserting in
14 lieu thereof in each instance “Secretary”.

15 (2) Title VII of such Act is amended by striking out
16 “Administrator” each place it appears and inserting in lieu
17 thereof “Secretary”.

18 (3) Section 101 of such Act is amended—

19 (A) by striking out “Housing and Home Finance
20 Administrator (hereinafter referred to as the ‘Adminis-
21 trator’)” in subsection (a) and inserting in lieu thereof
22 “Secretary of Housing and Urban Development (here-
23 inafter referred to as the ‘Secretary’)”; and

24 (B) by striking out all of the second sentence of
25 subsection (g) and inserting in lieu thereof “Nothing

1 contained in this section shall affect the authority of the
2 Secretary of Housing and Urban Development with
3 respect to any housing assisted under this section, sec-
4 tion 221 (d) (3), or 231 (c) (3) of the National Housing
5 Act, or section 202 of the Housing Act of 1959, includ-
6 ing the authority to prescribe occupancy requirements
7 under other provisions of law or to determine the por-
8 tion of such housing which may be occupied by qualified
9 tenants.”

10 (4) Section 107 of such Act is amended—

11 (A) by striking out “Federal Housing Commis-
12 sioner” in subsection (a) (2) (A) and inserting in lieu
13 thereof “Secretary of Housing and Urban Develop-
14 ment”; and

15 (B) by striking out “Federal Housing Commis-
16 sioner” each place it appears in subsection (e) and in-
17 serting in lieu thereof “Secretary of Housing and Urban
18 Development”.

19 (5) Section 108 (d) of such Act is amended—

20 (A) by striking out “Federal Housing Commis-
21 sioner, and the Federal Housing Commissioner” and
22 inserting in lieu thereof “Secretary of Housing and
23 Urban Development, and the Secretary”; and

24 (B) by striking out “the Commissioner” and in-
25 serting in lieu thereof “the Secretary”.

1 (6) Section 301 of such Act is amended by striking out
2 “Housing and Home Finance Administrator” in the third
3 sentence of subsection (a) and inserting in lieu thereof “Sec-
4 retary of Housing and Urban Development”.

5 (7) Section 315 of such Act is amended—

6 (A) by striking out “Housing and Home Finance
7 Administrator” in subsection (a) (8) and inserting in
8 lieu thereof “Secretary of Housing and Urban Develop-
9 ment”;

10 (B) by striking out “Housing and Home Finance
11 Administrator and Public Housing Commissioner are”
12 in subsections (b) (1) and (b) (2) and inserting in
13 lieu thereof “Secretary of Housing and Urban Develop-
14 ment is”; and

15 (C) by striking out “Public Housing Administra-
16 tion” in subsection (b) (1) and inserting in lieu thereof
17 “Secretary”.

18 (8) Section 401 (5) of such Act is amended to read as
19 follows:

20 “(5) the term ‘Secretary’ means the Secretary of
21 Housing and Urban Development”.

22 (9) Section 702 (a) of such Act is amended by striking
23 out “Housing and Home Finance Administrator (hereinafter
24 in this title referred to as the ‘Administrator’)” and insert-

1 ing in lieu thereof “Secretary of Housing and Urban De-
2 velopment (hereinafter in this title referred to as the
3 ‘Secretary’)”.

4 (10) Section 1113 of such Act is amended by striking
5 out “Housing and Home Finance Administrator” and insert-
6 ing in lieu thereof “Secretary of Housing and Urban De-
7 velopment”.

8 (w) Section 501 of the Military Construction Author-
9 ization Act, 1966, is amended—

10 (1) by striking out “Administrator, Housing and
11 Home Finance Agency” in the first sentence and insert-
12 ing in lieu thereof “Secretary of Housing and Urban
13 Development”; and

14 (2) by striking out “Administrator” in the second
15 sentence and inserting in lieu thereof “Secretary of
16 Housing and Urban Development”.

17 (x) (1) Sections 493, 657, and 1006 of title 18, United
18 States Code, are amended by striking out “Federal Housing
19 Administration” and inserting in lieu thereof “Department
20 of Housing and Urban Development”.

21 (2) The eighth paragraph of section 709 of such title
22 is amended to read as follows:

23 “Whoever uses as a firm or business name the words
24 ‘Department of Housing and Urban Development’, ‘Hous-
25 ing and Home Finance Agency’, ‘Federal Housing Ad-

1 ministration', 'Federal National Mortgage Association',
2 'United States Housing Authority', or 'Public Housing Ad-
3 ministration' or the letters 'HUD', 'FHA', 'PHA', or
4 'USHA', or any combination or variation of those words or
5 the letters 'HUD', 'FHA', 'PHA', or 'USHA' alone or
6 with other words or letters reasonably calculated to convey
7 the false impression that such name or business has some con-
8 nection with, or authorization from, the Department of Hous-
9 ing and Urban Development, the Housing and Home Finance
10 Agency, the Federal Housing Administration, the Federal
11 National Mortgage Association, the United States Housing
12 Authority, the Public Housing Administration, the Govern-
13 ment of the United States or any agency thereof, which does
14 not in fact exist, or falsely claims that any repair, improve-
15 ment, or alteration of any existing structure is required or
16 recommended by the Department of Housing and Urban De-
17 velopment, the Housing and Home Finance Agency, the
18 Federal Housing Administration, the Federal National Mort-
19 gage Association, the United States Housing Authority, the
20 Public Housing Administration, the Government of the
21 United States or any agency thereof, for the purpose of in-
22 ducing any person to enter into a contract for the making of
23 such repairs, alterations, or improvements, or falsely adver-
24 tises or falsely represents by any device whatsoever that any
25 housing unit, project, business, or product has been in any

1 way endorsed, authorized, inspected, appraised, or approved
2 by the Department of Housing and Urban Development, the
3 Housing and Home Finance Agency, the Federal Housing
4 Administration, the Federal National Mortgage Association,
5 the United States Housing Authority, the Public Housing
6 Administration, the Government of the United States or
7 any agency thereof; or”.

8 (3) Section 1010 of such title is amended—

9 (A) by amending the section heading to read as
10 follows:

11 **“§ 1010. Department of Housing and Urban Development**
12 **and Federal Housing Administration trans-**
13 **actions.”;**

14 (B) by striking out “Federal Housing Administra-
15 tion” and inserting in lieu thereof “Department of Hous-
16 ing and Urban Development”; and

17 (C) by striking out “such Administration” both
18 places it appears and inserting in lieu thereof “such
19 Department”.

20 (4) Section 1012 of such title is amended—

1 (A) by amending the section heading to read as
2 follows:

3 “§ 1012. Department of Housing and Urban Development
4 transactions.”;

5 (B) by striking out “Public Housing Administra-
6 tion” and inserting in lieu thereof “Department of Hous-
7 ing and Urban Development”; and

8 (C) by striking out “such Administration” each
9 place it appears and inserting in lieu thereof “such
10 Department”.

11 (5) The analysis of chapter 47, title 18, United States
12 Code, immediately preceding section 1001, is amended—

13 (A) by striking out the item relating to section
14 1010 and inserting in lieu thereof

“1010. Department of Housing and Urban Development and Federal
Housing Administration transactions.”;

15 and

16 (B) by striking out the item relating to section
17 1012 and inserting in lieu thereof

“1012. Department of Housing and Urban Development transactions.”

18 (y) Title 38, United States Code, is amended—

1 (1) by striking out “Federal Housing Administra-
2 tion approved mortgagee designated by the Federal
3 Housing Commissioner” in section 1802 (d) and in-
4 serting in lieu thereof “mortgagee approved by the
5 Secretary of Housing and Urban Development and
6 designated by him”.

7 (2) by striking out “Federal Housing Commis-
8 sioner” in subsections (b), (d), and (e) of section
9 1804 and inserting in lieu thereof “Secretary of Hous-
10 ing and Urban Development”.

11 (z) The fourth paragraph of section 24 of the Federal
12 Reserve Act is amended by striking out “Housing and Home
13 Finance Administrator” in the first sentence and inserting
14 in lieu thereof “Secretary of Housing and Urban Develop-
15 ment”.

16 (aa) (1) The penultimate sentence of paragraph
17 Seventh of section 5136 of the Revised Statutes (12 U.S.C.
18 24) is amended—

19 (A) by striking out “Federal Housing Administra-
20 tor” and inserting in lieu thereof “Secretary of Housing
21 and Urban Development (hereafter in this sentence re-
22 ferred to as the ‘Secretary’) ”; and

23 (B) by striking out “Housing and Home Finance
24 Administrator” and inserting in lieu thereof “Secre-
25 tary”;

1 (C) by striking out “Administrator” each place it
2 appears and inserting in lieu thereof “Secretary”; and

3 (D) by striking out “Public Housing Administra-
4 tion” each place it appears and inserting in lieu thereof
5 “Secretary”.

6 (2) Paragraph (11) of section 5200 of the Revised
7 Statutes (12 U.S.C. 84) is amended—

8 (A) by striking out “Housing and Home Finance
9 Administrator or the Public Housing Administration”
10 and inserting in lieu thereof “Secretary of Housing and
11 Urban Development”; and

12 (B) by striking out “Administrator or Administra-
13 tion” each place it appears and inserting in lieu thereof
14 “Secretary”.

15 (bb) Any function or authority vested in or exercisable
16 by the Federal Home Loan Bank Board, the Chairman
17 thereof, or the Federal Savings and Loan Insurance Corpora-
18 tion immediately before the enactment of this Act shall not
19 by this section or anything therein be affected or impaired,
20 or subjected to any restriction or limitation to which it was
21 not then subject.

89TH CONGRESS
2D SESSION

H. R. 15890

A BILL

To assist city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in these areas, to improve and amend our housing programs, and for other purposes.

By Mr. PATMAN

JUNE 23, 1966

Referred to the Committee on Banking and Currency

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
FOR INFORMATION ONLY;
(NOT TO BE QUOTED OR CITED)

Issued June 29, 1966
For actions of June 28, 1966
89th-2nd; No. 106

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HIGHLIGHTS: Both Houses passed continuing appropriations resolution. Senate subcommittee approved agricultural appropriation bill. Senate committee reported screw-worm eradication bill. Senate adopted conference report on cotton research-promotion bill. Sen. Proxmire spoke in favor of school milk program.

HOUSE

- 1. APPROPRIATIONS.** Both Houses passed H. J. Res. 1180, the continuing appropriations resolution. This measure will now be sent to the President. Sen. Russell, Ga., stated this resolution "is the usual type of resolution which comes before the Senate each year...from the House and is necessary to continue projects and activities of the Government until the appropriations bills are enacted into law. All authority under this resolution expires August 31, 1966." pp. 13843-44, 13874-94

2. LIBRARIES. Concurred in Senate amendments to H. R. 14050, to extend and amend the Library Services and Construction Act. This bill will now be sent to the President. pp. 13894-5, 13945
3. CIVIL DEFENSE. Passed without amendment H. R. 13125, to amend the provisions of title III of the Federal Civil Defense Act of 1950, as amended. p. 13898
4. HOUSING. The Banking and Currency Committee voted to report (but did not actually report) H. R. 15890, amended, to assist city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in these areas, and to improve and amend our housing programs. p. D587
5. WATER. A subcommittee of the Interior and Insular Affairs Committee approved for full committee action H. R. 4671, amended, to authorize the construction, operation, and maintenance of the Lower Colorado River Basin project. p. D588
6. LABOR STANDARDS. Rep. Farnsley inserted an article, "Almost a Whole Loaf for Labor," commending passage of the minimum wage bill. p. 13942
7. TRANSPORTATION. Rep. Mink spoke in support of the proposed Department of Transportation and the advantages such a department would provide Hawaii. pp. 13943-4
8. MARKETING. Rep. Tunney urged enactment of legislation to provide adequate protection for consumers with regard to labeling and packaging. p. 13945
9. GRAIN STANDARDS. Received from this Department a proposed bill to provide for U. S. standards and a uniform national inspection system for grain; to Agriculture Committee. p. 13948
10. RESEARCH. Rep. Hanna paid tribute to the University of California and its agricultural programs. pp. 13904-31
11. OPINION POLL. Rep. Martin, Ala., inserted the results of a questionnaire including items of interest to this Department. p. 13947

SENATE

12. SCREW-WORM. The Agriculture and Forestry Committee reported with amendment S. 3325, to authorize this Department to cooperate in screw-worm eradication in Mexico (S. Rept. 1342). p. 13776
13. COTTON. Received and agreed to conference report on H. R. 12322, the cotton research and promotion bill. p. 13780
14. APPROPRIATIONS. A subcommittee of the Appropriations Committee approved for full committee consideration, H. R. 14596, fiscal 1967 appropriations for this Department, and related agencies. p. D585
15. WATER RESOURCES. The Interior and Insular Affairs Committee reported without amendment S. 3186, to increase the authorization for continuing work on the Missouri River Basin Project (S. Rept. 1340); voted to report (but did not actually report) S. 3034, to authorize feasibility studies of certain potential Federal reclamation projects in 17 Western States; and voted to report (but did

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
TO BE QUOTED OR CITED)

Issued July 14, 1966
For actions of July 13, 1966
89th-2nd; No. 111

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HIGHLIGHTS: Senate debated agricultural appropriation bill and received supplemental budget request for cotton promotion program. House debated foreign aid authorization bill.

SENATE

1. APPROPRIATIONS. Began debate on H. R. 14596, the agricultural appropriation bill. Agreed to the committee amendments en bloc (but only for the purpose of considering the bill with the amendments as the original text) and an amendment by Sen. Holland to provide \$300,000 supplemental funds "to initiate work under the Cotton Research and Promotion Act of 1966" (pp. 14896-901). Sen. Holland's amendment was submitted pursuant to a supplemental estimate (S. Doc. 98) (p. 14824).

Sen. Proxmire expressed his appreciation to the committee for its support of the special milk program for schoolchildren but questioned the "adequacy of \$105 million to do the job." pp. 14827-8

2. WATER POLLUTION. Passed with amendments S. 2947, to authorize "a research and demonstration program into advanced waste treatment and water purification and joint municipal-industrial treatment facilities." pp. 14849-67, 14869-84, 14887-96
3. HISTORIC STRUCTURES. Sen. Tower commended S. 3097, to encourage and assist in the preservation and maintenance of historic structures, and at his request was added as a cosponsor. pp. 14826-7
4. FOREIGN AID. Sen. Mondale inserted numerous letters supporting his amendment to the foreign aid bill, "to strengthen our support of adaptive agricultural research in hungry nations." pp. 14831-2

HOUSE

5. FARM CREDIT. The Agriculture Committee reported with amendments S. 2822, to amend various provisions of the laws administered by the Farm Credit Administration to improve operations thereunder (H. Rept. 1695) p. 14822
6. FOREIGN AID. Continued debate on H. R. 15750, the foreign aid authorization bill. pp. 14714-87
7. PACIFIC ISLANDS. Rep. Taylor inserted a statement to the U. N. Trusteeship Council by the High Commissioner of the Trust Territory of the Pacific Islands including a discussion of agricultural projects in the islands. pp. 14813-8
8. OPINION POLL. Rep. McDade inserted the results of a questionnaire, including items of interest to this Department. p. 14795
9. RECLAMATION. Rep. Saylor inserted an engineers' report criticizing the proposed Marble Canyon and Bridge Canyon dams as "a poor use of federal money and an unnecessary desecration of the Grand Canyon." pp. 14797-8
10. TRUTH-IN-PACKAGING. Rep. Ashbrook commended and inserted an article opposing some provisions of the truth-in-packaging bill. p. 14798
11. INTERSTATE TAXATION. Rep. Pool spoke in favor of H. R. 11798, to provide a system for taxation of interstate commerce. p. 14810
12. LOANS. Rep. O'Neill, Mass., criticized an Economic Development Administration loan for a Maine sugarbeet factory as "a colossal waste of the taxpayer's money" (p. 14714). Rep. Hathaway defended this loan and the viability of the Maine sugarbeet industry (p. 14819).
13. HOUSING. The Banking and Currency Committee was granted permission to file a report and accompanying documents by midnight Fri., July 15, on H. R. 15890, the city demonstration program bill. p. 14787
14. HAWAII. Rep. Mink commended and inserted a speech outlining economic and commercial achievements and prospects for Hawaii. pp. 14811-2

July 18, 1966

14. TOBACCO; HEALTH. Sen. Moss inserted an article describing an experiment which he called "the most recent evidence that cigarette smoking causes lung damage." p. 15278

HOUSE

15. HOUSING. The Banking and Currency Committee reported during adjournment July 15, H. R. 15890, with amendments, the city demonstration program bill (H. Rept. 1699 and accompanying document H. Rept. 1699, Pt. II). p. 15247

16. TRANSPORTATION. The Government Operations Committee reported July 15 during adjournment, H. R. 15963, with amendments, to establish a Department of Transportation (H. Rept. 1701). p. 15247

17. HIGHWAYS. The Public Works Committee reported with amendment H. R. 14359, to authorize appropriations for the fiscal years 1968 and 1969 for the construction of certain highways (H. Rept. 1704). p. 15247

18. LANDS. A subcommittee of the Interior and Insular Affairs Committee approved for full Committee action, H. R. 13955, amended, to authorize the Secretary of the Interior to grant patents to certain lands under the provisions of the Color of Title Act. p. D634

19. WATER RESOURCES. Passed with amendment S. 3034, to authorize feasibility studies of certain potential Federal reclamation projects in 17 Western States. H. R. 13419, a similar bill, was tabled. pp. 15193-15201

20. FARM CREDIT. Passed as reported S. 2822, to amend various provisions of the laws administered by the Farm Credit Administration to improve operations thereunder. pp. 15201-2

21. WATER POLLUTION. Rep. Vanik commended and inserted Cleveland, Ohio, Mayor Locher's testimony before the Public Works Committee on the proposed Federal Water Pollution Control Amendments of 1966. pp. 15243-6

22. FOREIGN AID. Rep. Reuss discussed the needs and problems of agricultural development in Latin America and urged U. S. leadership through the Inter-American Development Bank as a means to meet the Latin American "food crisis." pp. 15220-2

ITEMS IN APPENDIX

23. FEDERAL-STATE RELATIONS. Sen. Javits inserted an analysis on the problem of Federal-State-local relations. pp. A3749-50

24. POVERTY. Rep. Cederberg inserted an article, "Poverty Aid Can Be Embarrassing." p. A3751

Extension of remarks of Rep. Jones, Ala., assessing the "real record" of the war on poverty and inserting an article. pp. A3758-9

Extension of remarks of Rep. Carter commending the resource development action in Appalachia. p. A3760

Extension of remarks of Rep. Quillen stating that "...bureaucracy and politics are dangerously stifling any attempts at concrete and useful advances" of the poverty program. p. A3763

23. RECREATION. Extension of remarks of Rep. Johnson, Calif., commenting on some of the problems in acquiring lands for parks and recreation programs. p. A3752
26. OPINION POLL. Reps. Jonas and Keith inserted the results of questionnaires including items of interest to this Department. pp. A3755-6, A3769-70
27. WATER SUPPLY. Extension of remarks of Rep. Rumsfeld stating that it is imperative that the American people and governments at all levels realize the gravity of the water crisis. p. A3768
28. FARM PROGRAM. Rep. Skubitz inserted an article critical of "restriction" placed on this Department's permission for drought-stricken Kansas counties to harvest hay or graze livestock on land retired from production. pp. A3780-1
29. FOREIGN AID. Speech in the House by Rep. Rees supporting an amendment to the foreign aid authorization bill to restrict aid to the United Arab Republic. pp. A3785-6

BILLS INTRODUCED

30. LANDS. S. 3622 by Sen. Moss, to amend the Mineral Leasing Act of February 25, 1920, as amended; to Interior and Insular Affairs Committee. Remarks of author p. 15250
H. R. 16299 by Rep. Battin, providing that certain privately owned irrigable lands in the Milk River project in Montana shall be deemed to be excess lands; to Interior and Insular Affairs Committee.
31. EMPLOYMENT. H. R. 16307 by Rep. Quie and H. R. 16308 by Rep. Goodell, to mesh the combined efforts of government at all levels with private endeavors to provide jobs and dignity for the poor; to Education and Labor Committee.
32. FOOD. H. Con. Res. 831 by Rep. Dyal, expressing the sense of the Congress with respect to certain proposed regulations of the Food and Drug Administration relating to the labeling and content of diet foods and diet supplements; to Interstate and Foreign Commerce Committee.
33. SEED. H. R. 16280 by Rep. Abernethy, to amend the Federal Seed Act (53 Stat. 1275) as amended; to Agriculture Committee.
34. POSTAL SERVICE. H. R. 16286 by Rep. Dingell, making an appropriation to enable the Post Office Department to extend city delivery service on a door delivery service basis to postal patrons now receiving curbside delivery service who qualify for door delivery service; to Appropriations Committee.

PRINTED HEARINGS RECEIVED BY THIS OFFICE

35. RESEARCH. S. 2322, 3059, and 3138, dog-cat handling bills. S. Commerce Committee.
36. POSTAL SERVICE. H. R. 5180, 9551, zip code system in the U. S. Postal Service. H. Post Office and Civil Service Committee.
37. ORGANIZATION. S. 3010, to establish a Dept. of Transportation. Part 4. S. Government Operations Committee.

HOUSING AND URBAN DEVELOPMENT ACT OF 1966

REPORT

OF THE

COMMITTEE ON BANKING AND CURRENCY

HOUSE OF REPRESENTATIVES

EIGHTY-NINTH CONGRESS

SECOND SESSION

TOGETHER WITH

MINORITY AND INDIVIDUAL VIEWS

ON

H.R. 15890



JULY 15, 1966.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

Union Calendar No. 778

89TH CONGRESS }
2d Session }

HOUSE OF REPRESENTATIVES

{ REPT. 1699
{ Part I

HOUSING AND URBAN DEVELOPMENT ACT OF 1966

JULY 15, 1966.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. PATMAN, from the Committee on Banking and Currency, submitted the following

R E P O R T

[To accompany H.R. 15890]

The Committee on Banking and Currency, to whom was referred the bill (H.R. 15890) to assist city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in these areas, to improve and amend our housing programs, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

Page 12, before the period in line 12, insert the following:

, and each such laborer or mechanic shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any work week in excess of eight hours in any work day or forty hours in the work week, as the case may be

Page 27, line 6, insert "408" after "section".

Page 30, in lines 11 and 12, strike out "Secretary" and insert "Commissioner".

Page 33, line 8, strike out "(i)" and insert "(h)".

Page 38, in lines 12, 17, 20, and 23, strike out "(i)" and insert "(h)".

Page 51, line 5, strike out "XI" and insert the following:

XI; and each laborer or mechanic employed on any facility covered by a mortgage insured under such title shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any work week in excess of eight hours in any work day or forty hours in the work week, as the case may be

Page 54, line 19, after "commenced)" insert the following:

, and that each such laborer or mechanic shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any work week in excess of eight hours in any work day or forty hours in the work week, as the case may be

Page 70, after line 25, insert the following new section:

QUARTERS AND FACILITIES FOR FEDERAL HOME LOAN BANKS
AND THE FEDERAL HOME LOAN BANK BOARD

• SEC. 815. (a) The second sentence of section 12 of the Federal Home Loan Bank Act (12 U.S.C. 1432) is amended by striking out "but no bank building shall be bought or erected to house any such bank, nor shall any such bank make any lease" and inserting in lieu thereof "but, except with the prior approval of the board, no bank building shall be bought or erected to house any such bank, or leased by such bank under any lease".

(b) Section 18 of such Act (12 U.S.C. 1438) is amended—

(1) by adding at the end of subsection (b) the following new sentence: "Such assessments may include such amounts as the board may deem advisable for carrying out the provisions of subsection (c) of this section."; and

(2) by adding at the end thereof the following new subsection:

"(c)(1) The board, utilizing the services of the Administrator of General Services (hereinafter referred to as the 'Administrator'), and subject to any limitation hereon which may hereafter be imposed in appropriation Acts, is hereby authorized—

"(A) to acquire, in the name of the United States, real property in the District of Columbia, for the purposes set forth in this subsection;

"(B) to construct, develop, furnish, and equip such buildings thereon and such facilities as in its judgment may be appropriate to provide, to such extent as the board may deem advisable, suitable and adequate quarters and facilities for the board and the agencies under its administration or supervision;

"(C) to enlarge, remodel, or reconstruct any of the same; and

"(D) to make or enter into contracts for any of the foregoing.

"(2) The board may require of the respective banks, and they shall make to the board, such advances of funds for the purposes set out in paragraph (1) as in the sole judgment of the board may from time to time be advisable. Such advances shall be in addition to the assessments authorized in subsection (b) and shall be apportioned by the board among the banks in proportion to the total assets of the respective banks, determined in such manner and as of such times as the board may prescribe. Each such advance shall bear interest at the rate of 4½ per centum per annum from

the date of the advance and shall be repaid by the board in such installments and over such period, not longer than twenty-five years from the making of the advance, as the board may determine. Payments of interest and principal upon such advances shall be made from receipts of the board or from other sources which may from time to time be available to the board. The obligation of the board to make any such payment shall not be regarded as an obligation of the United States. To such extent as the board may prescribe any such obligation shall be regarded as a legal investment for the purposes of subsections (g) and (h) of section 11 and for the purposes of section 16.

“(3) The plans and designs for such buildings and facilities and for any such enlargement, remodeling, or reconstruction shall, to such extent as the chairman of the board may request, be subject to his approval.

“(4) Upon the making of arrangements mutually agreeable to the board and the Administrator, which arrangements may be modified from time to time by mutual agreement between them and may include but shall not be limited to the making of payments by the board and such agencies to the Administrator and by the Administrator to the board, the custody, management, and control of such buildings and facilities and of such real property shall be vested in the Administrator in accordance therewith. Until the making of such arrangements such custody, management, and control, including the assignment and allotment and the reassignment and reallocation of building and other space, shall be vested in the board.

“(5) Any proceeds (including advances) received by the board in connection with this subsection, and any proceeds from the sale or other disposition of real or other property acquired by the board under this subsection, shall be considered as receipts of the board, and obligations and expenditures of the board and such agencies in connection with this subsection shall not be considered as administrative expenses. As used in this subsection, the term ‘property’ shall include interests in property.

“(6) With respect to its functions under this subsection the board shall (A) annually prepare and submit a budget program as provided in title I of the Government Corporation Control Act with regard to wholly owned Government corporations, and for purposes of this sentence, the terms ‘wholly owned Government corporations’ and ‘Government corporations’, wherever used in such title, shall include the board, and (B) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions as provided in such title, and no other audit, settlement, or adjustment shall be required with respect to transactions under this subsection or with respect to claims, demands, or accounts by or against any person arising thereunder. Except as otherwise provided in this subsection or by the board, the provisions of

this subsection and the functions thereby or thereunder subsisting shall be applicable and exercisable notwithstanding and without regard to the Act of June 20, 1938 (D.C. Code, secs. 5-413—5-428), except that the proviso of section 16 thereof shall apply to any building constructed under this subsection, and section 306 of the Act of July 30, 1947 (61 Stat. 584), or any other provision of law relating to the construction, alteration, repair, or furnishing of public or other buildings or structures or the obtaining of sites therefor, but any person or body in whom any such function is vested may provide for delegation or redelegation of the exercise of such function.

“(7) No obligation shall be incurred and no expenditure, except in liquidation of obligation, shall be made pursuant to the first two subparagraphs of paragraph (1) of this subsection if the total amount of all obligations incurred pursuant thereto would thereupon exceed \$13,200,000 or such greater amount as may be provided in an appropriation Act or other law.”

Page 71, line 2, strike out “815” and insert “816”.

Page 71, after line 24, insert the following:

(h) Section 1 of the National Housing Act is amended by striking out “and X” wherever it appears and inserting in lieu thereof “X, and XI”.

Page 72, line 3, strike out “816” and insert “817”.

Page 73, line 3, strike out “last” and insert “next to last”.

WHAT THE BILL WOULD DO

Title I contains the President's proposed demonstration cities program. The bill authorizes \$12 million to be appropriated for planning in the first year of the program. The planning would identify the slum and blighted areas to be designated and would plan for the use of the whole array of available Federal, State, and local programs to be used for the physical and social rehabilitation of the area. This title further authorizes the appropriation of supplemental grant funds which can amount to up to 80 percent of the local share of the cost of Federal programs to be used in a demonstration cities program, and enumerates the criteria which a proposed city demonstration program must meet to qualify for this assistance. The President's message transmitting this legislation indicated that appropriations of \$2.3 billion would be needed over a 6-year period to carry out the program. This would be sufficient to cover an estimated 60 to 70 cities. This title also authorizes an additional \$600 million in urban renewal funds, to become available in fiscal 1968, for projects which are part of city demonstration programs.

Title II contains the administration's metropolitan planning incentive program which would authorize supplemental grants of up to 20 percent of the cost of projects eligible under designated Federal programs which are related to metropolitan growth. These supplemental grants would be in addition to the basic grant authorized in existing law but in no case could the total Federal contribution to a project exceed 80 percent. To be eligible for these supplemental

grants, a metropolitan area must have comprehensive areawide planning and programing meeting the criteria in the bill.

Title III provides for cooperation between Federal agencies in metropolitan development and authorizes the appointment of a metropolitan expediter, in any metropolitan area which needs and desires the official, to provide information, data, and assistance to local authorities and persons concerning Federal and other programs.

Title IV extends FHA mortgage insurance for land development to include financing for new communities. The limit on the amount of land development mortgages would be increased from \$10 million to \$25 million outstanding and mortgages financing new communities would be eligible for FNMA special assistance. The title sets forth planning and other requirements which must be met as a condition for this aid. The second part of this title would authorize direct loans to State-designated public bodies to finance land acquisition for eventual resale to private developers for residential development. The loans would be made from the existing public facilities loan fund and would have a maximum maturity of 15 years.

Title V contains a number of amendments to the FHA program. One section expands eligibility for the preferential terms under FHA section 203 extended to veterans in last year's Housing Act to include veterans who have used their VA entitlement. Another section authorizes financing at an interest rate of 3 percent under FHA section 221(d)(3) for the acquisition and rehabilitation of housing by non-profit groups for resale to families of very low income. Among other provisions, this title would also reactivate on a limited basis the armed services housing program (Capehart).

Title VI authorizes FHA mortgage insurance to finance the construction and equipment of buildings to be used as group medical practice facilities. Insured loans would be limited to 90 percent of value, a maximum maturity of 25 years, and a maximum interest rate of 6 percent.

Title VII contains four amendments to the rural housing programs administered by the Farmers Home Administration, including an increase from \$1,000 to \$1,500 in the maximum amount of a loan, grant, or combined loan and grant for repairs and improvements to owner-occupied dwellings which are necessary to make them safe and sanitary.

Title VIII contains a number of miscellaneous provisions including limited authorization for FNMA participation in construction financing for FHA cooperative housing or FHA section 221(d)(3) projects. This title also authorizes the Secretary of Defense to pay the loss in value of homes owned by transferred service personnel or employees at military bases where the property value has been adversely affected by the closing of the base.

BACKGROUND OF THE BILL

During the period February 28 to March 25, the Subcommittee on Housing held 4 weeks of hearings on housing and urban development legislation including the administration proposed bills, H.R. 12341 (demonstration cities program), H.R. 12946 (Urban Development Act), H.R. 13064 (housing and urban development amendments), H.R. 9256 (group medical practice facilities), and other pending bills in the housing and urban development field.

Expert and detailed testimony was received on all phases and aspects of the proposed legislation. The subcommittee heard detailed testimony from the Secretary of Housing and Urban Development and his top assistants, and the Under Secretary of HEW testified on the group medical practice facilities bill. Many other witnesses reflecting the viewpoints of the homebuilding, real estate, and mortgage lending industries, labor organizations, civic groups, mayors, cooperative groups, and others provided the committee with the benefit of their knowledge and their recommendations.

While the testimony covered all aspects of the housing and urban development legislation under consideration, there was considerable emphasis on President Johnson's proposed demonstration cities program. This proposal received the enthusiastic support of the Nation's mayors speaking both through their national organizations, the U.S. Conference of Mayors and the National League of Cities, and through the testimony of many individual mayors. It is also heartily endorsed by the AFL-CIO, the National Association of Home Builders, and spokesmen for planners, housing, and civic groups.

The Subcommittee on Housing met in executive sessions on June 1, 14, and 22 and recommended a draft omnibus bill to the full committee by a vote of 7 to 3. The draft bill which emerged from the subcommittee incorporated the main features of the administration proposed bills (H.R. 12341, H.R. 12946, H.R. 13064, and H.R. 9256), as well as improving and perfecting amendments. The subcommittee-recommended bill was introduced on June 23 as H.R. 15890, the Housing and Urban Development Act of 1966, and the full Committee on Banking and Currency met on the bill in executive session on June 28. In addition to technical amendments, four substantive amendments were adopted; three amendments clarifying the application of Davis-Bacon prevailing wage and overtime requirements to construction undertaken under the demonstration cities program, the group medical program, and privately built housing intended for use as public low-rent housing, and a fourth authorizing the construction of new quarters and facilities for Federal home loan banks and the Federal Home Loan Bank Board. The bill was then ordered reported by a rollcall vote of 18 to 8 with 3 votes of "present".

MAJOR PROVISIONS OF THE BILL

TITLE I. DEMONSTRATION CITIES PROGRAM

The demonstration cities program is the most important single proposal in the President's plan for rebuilding America's cities.

In his message to the Congress recommending the demonstration cities program, the President said:

From the experience of three decades, it is clear to me that American cities require a program that will—

Concentrate our available resources—in planning tools, in housing construction, in job training, in health facilities, in recreation, in welfare programs, in education—to improve the conditions of life in urban areas.

Join together all available talent and skills in a coordinated effort.

Mobilize local leadership and private initiative, so that local citizens will determine the shape of their new city * * *.

The demonstration cities program would make it possible for cities of all sizes, and in all sections of the country, to undertake such a program.

This program would help cities to plan, develop, and carry out locally prepared plans for rebuilding or restoring entire sections and neighborhoods of slum and blighted areas. It would help cities provide the public facilities and services, including citywide aids, needed to enable the poor and disadvantaged people who live in these areas to become useful, productive citizens—citizens able to join in the general prosperity this Nation now enjoys.

This program would make it possible to improve and substantially increase the supply of adequate low- and moderate-cost housing in the cities. It would make it possible for cities to focus their educational, health, and special services on the problems of the large numbers of poor and disadvantaged people who live in slum and blighted sections and neighborhoods. It would make it possible to treat the human needs of people in the slums at the same time physical rehabilitation is being carried out.

The problems of cities

Perhaps the most difficult problem facing cities is that of blighted areas with their concomitant and constantly increasing demands for services and their declining taxable values. The continuing spread of blight reduces the taxable value of city land. As slums and blight spread, crime, delinquency, and disease follow. While the need for city services grows, the city's ability to provide these services is impaired by the very blight that creates the demand.

More blight, greater demand for city services, decreasing revenues to meet the demand—that is the descending spiral confronting many American cities.

There are over 7 million homes in urban areas that are run down or deteriorating. More than 3 million do not have adequate plumbing or hot and cold running water. In many of our central cities entire sections and neighborhoods are in need of major surgery to overcome decay. Increasingly the old, the poor, and the underprivileged are concentrated in these slum and blighted areas of the central city.

Significantly, the independent efforts of cities to help themselves are in large measure self-defeating. The more determined the city's effort to raise funds to meet the need for increased services, the more likely that effort drives its economically affluent citizens to the nearby suburbs. Similarly, the greater burden the city places on industry within its borders, the less its opportunity to attract, and hold, the industry and commerce its economy requires. So the city becomes, increasingly, a home for the economically deprived, those least able to bear the cost of municipal services. In these circumstances it is not surprising that the cities with the greatest slum problems often have the least capacity to deal with those problems.

Our cities have made great efforts to cope with their problems. Between 1954 and 1963, municipalities increased their tax revenues by 43 percent, and local government indebtedness increased by 119 percent. With the limited sources of revenue available to them, the

cities have waged a heroic battle against national problems which are overwhelming them.

But the problems of slum and blight, ignorance and disease, poverty and despair, crime and delinquency are national problems. The resources needed to solve these problems cannot come from city taxes alone.

Improving the quality of urban life is the most critical domestic problem facing the United States. To meet this problem, we must bring to bear national resources.

Comprehensive city demonstration program

Title I of the bill would establish a new program of Federal assistance to help cities plan, administer, and carry out comprehensive city demonstration programs. A "comprehensive city demonstration program" is a locally prepared and scheduled program for rebuilding or restoring entire sections and neighborhoods of slum and blighted areas by the concentrated and coordinated use of all available Federal aids together with local private and governmental resources. It will include citywide aids and resources necessary to improve the general welfare of the people living or working in these areas.

This is to be a local program, planned and carried out by local people, and based on local judgment as to the city's needs and its order of priorities in meeting these needs.

The assistance provided by title I of the bill would help cities of all sizes and in all sections of the country to plan, develop, and carry out programs to rebuild or revitalize large slum or blighted areas and to expand and improve public programs and services available to the people who live in these areas. It would provide funds needed for the city to participate in existing Federal assistance programs. It would encourage the cities to focus and coordinate projects and activities for which assistance is now available under existing Federal programs with other public and private actions to provide the most effective and economic concentration of Federal, State, local, and private efforts to improve the quality of urban life.

Federal assistance provided

Federal funds would cover up to 80 percent of the cost of planning and developing comprehensive city demonstration programs. Federal grants would also pay up to 80 percent of the cost of administering every project or activity which is included as part of these programs (but not the cost of administering any project or activity for which Federal financial assistance is provided under an existing grant-in-aid program).

In addition, two types of Federal assistance are available to help finance all of the projects or activities that are included as part of an approved comprehensive city demonstration program.

First, to the extent such projects or activities are eligible for assistance under an existing Federal grant-in-aid program, they may be financed under that program. This bill contemplates that existing Federal grant-in-aid programs—and funds now available for those programs—will be utilized, where feasible, in carrying out projects or activities that, though part of a comprehensive city demonstration program, are eligible for assistance under existing grant-in-aid programs.

It is expected that the demonstration cities program will stimulate a new and sharper focusing of activities assisted under existing grant-

in-aid programs and far greater coordination in their use. More effective use of existing grant-in-aid programs by cities is a key goal of the demonstration cities program.

The fact that a particular project or activity, eligible for assistance under an existing Federal grant-in-aid program, is undertaken as part of a comprehensive city demonstration program will in no way affect its eligibility for assistance under the existing grant-in-aid program. The city will apply to the agency which administers the grant-in-aid program and the application will be subject to all the existing rules, regulations, and priorities governing that grant-in-aid program.

Second, special grants, supplementing the assistance available under existing grant-in-aid programs, would be provided under the demonstration cities program to—

- (1) Assist cities to provide their required share of the cost of projects or activities that are part of the demonstration program and are funded under existing Federal grant-in-aid programs, and

- (2) Provide funds to carry out other non-federally-assisted projects or activities (including projects or activities of the type eligible for Federal assistance under existing grant-in-aid programs) undertaken as part of the demonstration program.

The amount of this special—supplemental—demonstration cities grant would be up to 80 percent of the total non-Federal contributions required to be made to all projects or activities assisted by existing Federal grant-in-aid programs which are carried out as part of a comprehensive city demonstration program.

The required non-Federal contribution to every project or activity included within an approved comprehensive city demonstration program, and funded under an existing Federal grant-in-aid program, would serve as a base for computing the special supplemental grant under the demonstration cities program. It does not matter whether or not the Federal commitment to assist in financing the particular project or activity under an existing grant-in-aid program occurred some time before the comprehensive city demonstration program is approved. So long as the activity financed by the existing grant-in-aid program is included within the approved city demonstration program, the non-Federal contribution to that project or activity can serve as a base for the grant computed under the demonstration cities program.

The supplemental grant funds authorized to be paid by the demonstration cities program are not "earmarked" for any one specific project or activity carried out as part of the demonstration program. After the amount of this supplemental grant is established under the formula in the demonstration cities program, the total amount will be available to the city to be used for any project or activity included as part of an approved comprehensive city demonstration program.

The supplemental assistance to cities provided by the demonstration cities program is not to replace local funds already being used to rebuild and restore slum and blighted areas and provide community facilities and services to their residents. Accordingly, the bill requires as a condition to receiving assistance for an approved comprehensive city demonstration program, that the city not reduce, during the period an approved program is carried out, its prior level of aggregate expenditures for projects or activities similar to those being assisted under the demonstration program.

It is not expected that all grants will be for the maximum 80-percent ratio and the bill contains a proviso which would require that the specific amount of any grant take into account the number and intensity of the economic and social pressures in the sections or neighborhoods involved—such as those involving or resulting from population density, crime rate, public welfare participation, delinquency rate, poverty levels, unemployment rate, educational levels, health and disease characteristics, and degree of substandard and dilapidated housing. To the extent that less than maximum ratio grants are made, a larger number of cities would be able to participate.

Preparing a comprehensive city demonstration program

A. City demonstration agency

The Federal assistance authorized by the demonstration cities program would be provided to a "city demonstration agency." The "city demonstration agency" may be the city or any local public agency established or designated by the local governing body to administer the comprehensive city demonstration program.

The city demonstration agency, therefore, may be a public agency created for the purpose of administering the demonstration program or it may be an existing local public agency assigned this responsibility. A very wide range of administrative organizations are permissible so long as the structure serving as the city demonstration agency constitutes a public body which is subject to the control of the local governing body.

Whatever the administrative organization of the city demonstration agency, it must have the endorsement and support of the elected officials of the city and the agency must have sufficient power and authority to undertake the overall administration of the demonstration program.

This does not mean that the city demonstration agency must assume operational control of all projects and activities which are a part of the local demonstration program. For example, to the extent urban renewal activities are a part of the demonstration, the existing urban renewal agency would carry out such projects. School boards would continue to direct educational activities in the demonstration area. The function of the city demonstration agency would be to obtain the cooperation of all participants and receive their agreement to a concentrated and coordinated effort.

B. Planning and developing the city demonstration program

The city demonstration agency would apply to the Secretary of Housing and Urban Development for a grant to pay 80 percent of the cost of planning and developing the comprehensive city demonstration program. The application for this grant must have the approval of the local governing body of the city and would show in broad and general terms the nature and seriousness of the city's problems and the outlines of what the city intends to do. Before he makes a grant to plan a comprehensive city demonstration program, the Secretary of Housing and Urban Development must determine that there exist (1) administrative machinery through which coordination of all related planning activities of local agencies can be achieved, and (2) evidence that necessary cooperation of agencies engaged in related local planning can be obtained.

The bulk of the effort during the planning and development period would be spent in refining the program elements of the initial proposal and developing their interrelationships, working out organizational arrangements, and scheduling and budgeting program activities. During the hearings, the Secretary of Housing and Urban Development testified that the planning and development period will generally not require more than 6 to 8 months, and perhaps less time. Much information in terms of needs identification will already be available. Many cities in a position to qualify as a demonstration city will already have undertaken a community renewal program, will have a community action agency which will have already collected data on social problems and needs, and will have a well-developed physical master plan and capital improvements program.

During the course of considering this bill, the committee gave serious thought to the inclusion of a provision which would have required the application of systems analysis techniques to the development of city demonstration programs. There was no question that such techniques would be desirable, yet the committee decided that it would be undesirable to write such a requirement into legislation. The committee felt that the need for action in our rundown urban areas was pressing and immediate. Too much delay could occur if we had to wait for an effective cross-fertilization of ideas between the scientific community and our urban administrators. However, the committee expects the Secretary of Housing and Urban Development to make every effort to see that advanced techniques of systems analysis are applied to city demonstration programs as fast as is possible. The bill authorizes the Secretary to provide technical assistance to cities undertaking demonstration programs which can include expert advice on systems analysis techniques, and the 80-percent Federal grant for planning a demonstration city program authorized by the bill could include the cost of developing a program of systems analysis in connection with a local program.

Completed plans for comprehensive city demonstration programs would be reviewed by the Secretary of Housing and Urban Development to determine that (1) they satisfy the statutory criteria for demonstration programs, and (2) the various projects or activities to be undertaken in connection with the program are scheduled to be initiated within a reasonably short period of time.

Demonstration programs need not be limited to a single geographically delineated demonstration area in which slum and blight are to be removed or arrested. Rather, there may be several such areas of varying sizes in the city.

In addition, a wide variety of activities that serve the demonstration program, no matter where located, may be included in the demonstration.

For example, a hospital or vocational school which serves the needs of residents of slum and blighted areas may be a part of the city's program though constructed in a section of the community not requiring clearance or rehabilitation treatment. Similarly, providing housing for families displaced from slum and blighted areas may involve construction activities outside of the slum and blighted areas in a wholly different portion of the community.

Grant funds provided under this legislation will, therefore, be available for certain communitywide activities, and the cities will be ex-

pected to study the effect and impact of their programs with a view to the well-being of the entire community.

Content of demonstration program

To qualify for assistance under title I of the bill, a city must be prepared to embark on major new undertakings addressed to major urban problems. The demonstration cities program is designed to help those cities willing to face up to their responsibilities, willing and able to bring together all the public and private bodies whose joint action is necessary to solve their problems, willing to fully commit their energy and resources, and willing to undertake actions which will have widespread and substantial effects on the social and physical structure of the city.

A demonstration program must meet the following general criteria:

First, it must be of sufficient magnitude, in both its physical and social dimensions, to (1) remove or arrest blight and decay in entire sections or neighborhoods, (2) provide a substantial increase in the supply of standard housing of low and moderate cost, (3) make marked progress in serving the poor and disadvantaged people living in slum and blighted areas by reducing educational disadvantages, disease and enforced idleness, and (4) make a substantial impact on the sound development of the entire city.

These criteria will require a demonstration program to remove or arrest blight and decay in sections or neighborhoods which contain a substantial percentage—as much as 15 to 20 percent—of the substandard dwelling units in the city.

Clearance of structures will play a significant part in many demonstration programs, and considerable new construction of low-income housing will be necessary. However, a great amount of rehabilitation will be essential to provide sufficient additional low-income housing and minimize dislocation of families and businesses.

Very often, rehabilitation and improvement of substandard and deteriorating units can make them suitable. Some units require relatively minor repairs; others require considerable rehabilitation. In some instances rehabilitation can be carried on without any displacement of occupants. In many areas temporary relocation in the neighborhood can be arranged, and in some instances relocation to another neighborhood will be necessary.

Second, the general criteria require that the rebuilding or restoration of sections or neighborhoods contribute to a well-balanced city with adequate public facilities. This includes facilities needed for transportation, education, and recreation; commercial facilities adequate to serve the residential areas; good access to industrial or other centers of employment; and housing for all income levels.

Existing Federal grant-in-aid programs can be utilized to help the city fulfill these requirements. For example, the existing Federal grant-in-aid program for neighborhood facilities can help in the provision of physical facilities needed to house many social services and the existing mass transit program may finance needed transportation facilities. The Elementary and Secondary Education Act may provide needed educational services.

The housing component, required by the criteria to be a part of every comprehensive city demonstration program, will contribute toward a balanced supply of housing for the city as it provides additional low-

income housing. This is, of course, the housing for which there is the greatest need.

Third, the bill would require that the program provide for educational and social services necessary to serve the poor and disadvantaged in the area; widespread citizen participation in the program; maximum opportunities for employing residents of the area in all phases of the program; and enlarged opportunity for work and training.

Many of the educational and social services needed can be provided under community action programs supported by the Office of Economic Opportunity.

Opportunities for employing residents in the program, as well as opportunities for other work and training, can be provided through appropriate arrangements with lending institutions, private construction firms, and labor unions involved in the rehabilitation activities and construction of new public facilities that are part of the program.

Fourth, the general criteria require that adequate local resources be available for the completion of the activities undertaken in accordance with the program.

This will require evidence that the local share of administrative and project costs will be available from identifiable local sources throughout the period during which the program is to be executed.

Fifth, administrative machinery must be available for carrying out the program on a consolidated and coordinated basis, the local governing body must have approved the program, and local agencies whose cooperation is necessary to carry out the program must have indicated their intent to furnish that cooperation.

Sixth, the general criteria require that there be a plan for relocating individuals, families, business concerns, and nonprofit organizations displaced or to be displaced in carrying out the program.

This relocation plan must provide concrete evidence that there will be available for families who are displaced decent, safe, and sanitary housing within their economic means. In addition, adequate provision must be made for assistance and relocation payments to families, business concerns, and nonprofit organizations displaced as a consequence of a city demonstration program. The relocation activities are to be coordinated, to the maximum extent feasible, with the contemplated increase in the housing supply for the entire city in order to maintain the available supply of decent, safe, and sanitary housing for people of low and moderate income.

Your committee has long been concerned with the burden that programs which benefit the community as a whole may place on those displaced from their homes and places of business. Seventeen years ago, the committee inserted in title I of the Housing Act of 1949 a requirement that urban renewal activities include a feasible method for the relocation of displaced individuals and families to decent, safe, and sanitary dwellings available at rents within their financial means. In 1956 the committee authorized the payment of moving and relocation expenses to those displaced by urban renewal; and in 1964 the committee substantially extended and increased relocation assistance. In 1965 the committee extended the relocation payment provisions applicable to the urban renewal program to those displaced by the college and elderly housing programs, the open-space land program, and the public facility loan program.

The relocation provisions included in the demonstration cities program would make available to those displaced by any activity under-

taken as part of a demonstration program relocation aids and benefits as liberal as those now provided in the urban renewal program. Where relocation payments authorized in existing Federal programs utilized in connection with the demonstration program are less than now authorized in the urban renewal program, demonstration grant funds will supplement the relocation payments authorized in these existing programs to make up the difference.

Seventh, the general criteria require that the program be designed to assure maximum opportunity in the choice of housing accommodations by all persons.

In addition to these criteria, the city's program must be more than a statement of goals. It must be a definite plan of action. Projects and activities to be undertaken must be scheduled and ready for initiation within a reasonably short period of time. All of the activities which are part of the program should be scheduled for completion within a reasonable period of time.

Other actions expected of the city

An important benefit of Federal grant-in-aid programs is the local spur these programs provide to activities that may not otherwise be undertaken. The demonstration cities program calls on the cities to take a series of actions, in conjunction with their demonstration programs, designed to make significant breakthroughs in the techniques of rebuilding and restoring slum and blighted areas.

Even though a city demonstration program meets the statutory criteria described, other actions may be expected of the city if new Federal aids are to be provided under this legislation. Consideration will be given to the extent and nature of purely local actions which encourage more rational and efficient urban development. In preparing their demonstration programs, cities may have occasion to—

First, examine their local laws to determine the extent to which those laws impede substantial progress in carrying out their demonstration programs and to take appropriate action, if necessary, to make those laws consistent with the objectives of their programs.

In many localities, the structure of real estate taxes, and inadequate and often obsolete housing codes and zoning laws, retard the prompt and proper development of the city's physical characteristics. Stimulating local efforts to remove these restrictions can be one of the major benefits of the city demonstration program.

Second, apply high standards of design to buildings constructed and rehabilitated under the program in order to maintain distinctive natural, historical, and cultural characteristics.

Revitalizing the Nation's cities requires more than the construction and rehabilitation of homes and buildings. City demonstration programs should contain special efforts to make new and existing structures as fresh and attractive as possible.

Third, make maximum use of new and improved technology and design, including the introduction of cost reduction techniques to every aspect of a city's activities.

Massive rebuilding and restoration programs provide unique opportunities for applying the fruits of our technological advances to the homebuilding and rehabilitation industries. Cities should encourage the maximum use of such advances in the building and rehabilitation of homes and buildings.

Fourth, encourage good community relations and counteract the segregation of housing by race or income.

Fifth, indicate that the projects and activities carried on under the program are consistent with comprehensive planning for the entire urban or metropolitan area.

Central cities are the economic and cultural cores of larger urban or metropolitan areas. Their activities affect the entire urban or metropolitan area. And the cities, in turn, are affected by activities undertaken in the entire area. No element of rational urban development is more important than the carrying on of sound comprehensive planning for entire urban and metropolitan areas. Cities will be expected to continue to cooperate with other governmental bodies in the metropolitan area to assure and promote sound community growth.

Participation in the program

The ultimate success of this new program rests upon the ability of local people to assess their own most pressing problems and devise their own solutions to those problems. The cities themselves, by their actions, will determine which of them participate in this program. Those cities which can concentrate their resources, identify their problem areas, and develop sound imaginative solutions will be the first to qualify.

But all cities will benefit from the solutions to urban problems developed through the demonstration cities approach. Your committee is confident that every city will ultimately use this "total attack" approach to solve its urban problems.

The committee intends that the assistance provided by title I of the bill be given to cities of all sizes and in all parts of the country. This will enable the program to demonstrate the wide range of methods available to deal with the diversity of problems that face cities of all sizes throughout the country.

The committee expects the Secretary of Housing and Urban Development to take into account the special needs of smaller cities that do not ordinarily have the staff of technicians and experts which would enable them to move quickly under a program of this nature. In reviewing the content of a proposed demonstration program of the smaller cities, the committee expects that the Secretary will understand that, because of the small size and particular circumstances, many cities do not have all of the problems to which the criteria in title I of this bill are directed. The committee expects that the demonstration program of a smaller city will be deemed adequate to meet the criteria of title I of this bill if the program proposed is of such magnitude and includes such social services and activities, as are appropriate to its size and particular circumstances.

Additional urban renewal grant authority

During the hearings on the bill as introduced, it became clear that the urban renewal program would be the principal existing Federal grant-in-aid program utilized in connection with cities' demonstration programs. Fears were expressed by a number of witnesses that cities participating in the demonstration program would drain off large amounts of existing urban renewal grant authorization.

After consultation with the Department of Housing and Urban Development it was agreed that additional urban renewal authoriza-

tion was justified to assure that the demonstration cities program would not use a disproportionate amount of existing urban renewal grant authority to the detriment of cities which do not participate in the program, particularly small towns. To avoid this the bill authorizes \$600 million in new additional urban renewal grant authority which would be available after July 1, 1967, for urban renewal projects which are identified and scheduled to be carried out as one of the projects or activities included within approved city demonstration programs.

Your committee wishes to make very clear its intent that the demonstration cities program will not in any way change the flow of funds, as among cities, under existing grant-in-aid programs. The demonstration cities program does not provide any priority in the use of existing Federal grant-in-aid programs for cities which participate in the demonstration program. The demonstration cities program contemplates that the funds that would normally flow to participating cities from existing grant-in-aid programs, plus the additional—supplemental—grant funds authorized by title I of this bill, will finance the demonstration programs.

Authorization for planning funds

The bill as introduced contained an open-end authorization for appropriations of the sums necessary to carry out the demonstration program. The President's message transmitting the administration's demonstration cities program to the Congress estimated the Federal contribution to the cost of planning demonstration programs at \$12 million.

H.R. 15890 would authorize appropriations of \$12 million for financial assistance for planning comprehensive programs for the fiscal year ending June 30, 1967, and such sums as may be necessary for the fiscal year ending June 30, 1968. The committee believes that \$12 million would be adequate to finance planning by 60 to 70 cities which is the estimated number of participants contemplated by the Department in the first year. The committee desired to authorize sufficient planning funds for those additional cities which will be ready to begin planning demonstration programs during fiscal 1968.

Authorization for financial assistance to carry out demonstration programs

The bill authorizes the appropriation of such sums as may be necessary to make the supplemental grants needed to carry out the demonstration cities program. In this connection the President stated in his message of January 26, 1966:

For the supplemental demonstration grants I will recommend appropriations, over a 6-year period, totaling over \$2.3 billion, or an average of some \$400 million per year.

The bill makes clear that the authorization for appropriations to carry out demonstration programs begins with the fiscal year ending June 30, 1968. In addition, the bill expresses—

the sense of the Congress that appropriations * * * shall be made only on the basis of need demonstrated by plans submitted for comprehensive city demonstration programs, and that any such appropriation shall take into account the budgetary situation existing at the time it is made.

The committee wishes to stress that (except for \$12 million for planning demonstration programs) the funds authorized by title I of this bill will not begin to be spent until after July 1, 1967.

Elimination of the Federal coordinator

The original administration proposal provided for the mandatory appointment, for each demonstration city, of a Federal coordinator who would serve as an expeditor and help coordinate Federal contributions and technical assistance to the various projects and activities that are a part of the approved demonstration program.

During the hearings, considerable opposition to this provision developed. There was a fear that the Federal coordinator might become involved in determining the content of the locality's demonstration program, and might actually interfere with established relationships between the locality and Federal agencies administering ongoing Federal programs.

The committee therefore deleted the coordinator provision, but provided in title III of this bill for the appointment of a metropolitan expeditor for each metropolitan area which the Secretary finds needs and desires the services of such an expeditor. The appointment of a metropolitan expeditor would be made only after expressions of interest by, and consultation with, local governmental authorities in the metropolitan area.

Prevailing wage requirements

The bill requires that all laborers and mechanics employed by contractors or subcontractors on projects assisted directly or indirectly under the demonstration cities program shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor. The committee also adopted an amendment to make it clear that time and a half payment for overtime would be required.

TITLE II. GRANTS TO ASSIST IN PLANNED METROPOLITAN DEVELOPMENT

Evolution of Federal planning policies

During the past 15 years, the Federal Government has increasingly supported planned urban development.

Under the Housing Act of 1949, slum clearance and urban redevelopment projects were required to be consistent with local plans for the municipality as a whole.

The Housing Act of 1954 established the citywide workable program requirement for the expanded urban renewal program, for public housing, and for renewal-related FHA housing programs. The emphasis was placed on total community effort. Planning became an integral workable program element to help guide citywide growth and improvement.

The 1954 act also created the "section 701" urban planning assistance program. Grants were made available to help prepare the comprehensive plans required for local workable programs and renewal activities. Assistance was also provided for metropolitan planning activities, as distinct from citywide planning.

The first requirement for metropolitanwide planning as a condition to Federal assistance was applied to the open-space land program under the Housing Act of 1961. Next, the 1962 Federal-Aid Highway Act

established the requirement for metropolitan areawide transportation planning carried on cooperatively by States and local communities. In 1964 and 1965 new programs with areawide planning requirements were established to assist such activities as mass transportation, the provision of basic water and sewer facilities, and FHA-aided land development for subdivisions and neighborhoods.

These requirements have resulted in an increased tempo of metropolitan planning. Much of the planning is, however, still directed toward meeting the specific Federal planning requirements and has not resulted in effective overall planned development.

The proposed new program under title II would meet this problem through its special incentives for multipurpose planning and for area-wide implementation of plans. It would provide grants only when planning and implementation are found to be satisfactory for all major developments within the area.

Purpose of title

In brief, the new incentive for effective metropolitan planning and development consists of increased aid to federally assisted projects of types which generally affect the growth of metropolitan areas. This aid would be given only within metropolitan areas where all public and private development having major areawide impact is consistent with fully comprehensive and current metropolitan planning.

This represents a new approach to making planning effective. It would not deprive any project of aid it would receive under existing programs. It would simply increase assistance to cities and other State and local bodies that actually develop projects and administer local zoning and subdivision controls consistently with metropolitan plans.

This aid is distinct from existing aids to planning bodies for preparing the plans. It is also distinct from Federal financial aids, the purpose of which is to help provide specific types of well-planned public works.

Proposed new grant program

The title would authorize establishment of a new program of supplementary grants to localities and other public bodies in metropolitan areas. These grants would supplement existing Federal assistance to programs for transportation facilities (including mass transit, roads, and airports), water and sewer facilities, and recreation and other open-space areas. The supplementary grant could not exceed 20 percent of the cost of such projects, and the combined Federal grants (under existing law and under this title) could not exceed 80 percent of the project cost.

Grants would be available only within metropolitan areas which had established areawide planning and programing adequate for evaluating and guiding all public and private actions of metropolitanwide or interjurisdictional significance. Within such areas, the grants would be available only to municipalities or other public bodies which were carrying out the location and scheduling of public facilities, zoning and other subdivision actions, and other policies and actions of metropolitanwide or interjurisdictional significance in accord with such areawide and planning programing.

The need for additional assistance to metropolitan areas

This program, which is an outgrowth of existing Federal urban development policies, could be of great benefit to many of our people. Today, 125 million Americans—two-thirds of our total population—live in metropolitan areas. Twenty years from now, we will have added, according to conservative estimates, 54 million people to our metropolitan population, the great bulk of them in suburban areas. This is the equivalent of adding 5 New Yorks or 27 Washingtons. Federal, State, and local governments will be spending, over this period, billions of dollars for basic services for these areas—for schools, highways and other forms of transportation, parks, sewer and water systems, and other community facilities. Careful and effective planning can greatly reduce the capital costs of these services, and can, in addition, make great contributions to our goal of a suitable living environment for every American family.

Programs that would receive supplemental grants

Applicants under eight Federal grant programs would be eligible to receive supplemental assistance under the new program:

(1) Grants for basic water and sewer facilities, administered by the Department of Housing and Urban Development under the Housing and Urban Development Act of 1965;

(2) Grants for construction of sewage treatment works, administered by the Department of Interior under the Federal Water Pollution Control Act;

(3) Grants for highway construction (Federal-aid primary and secondary systems, but not the Interstate System) administered by the Department of Commerce;

(4) Grants for airport development, administered by the Federal Aviation Agency under the Federal Airport Act;

(5) Grants for urban mass transportation facilities and equipment, administered by the Department of Housing and Urban Development under the Urban Mass Transportation Act of 1964;

(6) Grants for acquisition and development of open space, or for beautification and improvement of public land, administered by the Department of Housing and Urban Development under the Housing Act of 1961;

(7) Grants for the acquisition and development of lands and waters for recreation purposes, administered by the Department of the Interior under the Land and Water Conservation Fund Act of 1965; and

(8) Grants for public works and facilities, administered by the Department of Commerce under the Public Works and Economic Development Act of 1965 (but only if they involve works or facilities of a type which the Secretary of Housing and Urban Development determines to be eligible under items (1) through (7)).

Basis for inclusion of programs

The programs supplemented by this bill serve some of the major needs of the Nation's growing metropolitan communities.

Transportation facilities, water and sewer systems, and recreation and open-space areas all knit together metropolitan regions and help to shape their growth. A highway or a rapid transit line, for example, can open large areas for suburban development, and influence the scheduling and location of other public facilities to serve such develop-

ment. Similarly, the location of water and sewer lines and of parks and other open-space areas can greatly affect local subdivisions and other development. But if planned inconsistently, these projects can distort urban growth, and one project can greatly reduce, or even negate, the benefits expected from another.

The supplemental assistance provided under this title is, therefore, directly keyed to critical types of development projects for which there has already been Federal recognition of need and a commitment to assist in meeting these needs.

Amount of grant

A supplemental grant could not exceed 20 percent of project cost. Thus, projects under an eligible program with a 50-percent grant level could receive a total of 70 percent in Federal support.

However, in no case could total Federal contributions exceed 80 percent. Under the mass transportation program, for example, Federal grants could be raised from 66⅔ percent only to a maximum of 80 percent, and not 88⅓ percent.

Also, the grant supplement could in no case exceed the basic grant amount.

Effect on basic grant programs

The supplemental grants provided under the new program would not affect the basic grant programs themselves, which would continue in full force and effect. The new program would merely increase the Federal share of the cost of development projects meeting the standards of metropolitan coordination set out in the bill. In this way, the proposed grants would reward State and local governments which have actually reached, and provide encouragement for others to reach, a high level of metropolitan planning and arrangements for coordinated development.

The amount of a supplementary grant will be based on a certification, by the Federal agency having responsibility for the basic program, of the cost of the assisted projects and of the amount of non-Federal contributions. These certifications and other aspects of administering their own programs will remain under the full control of the individual Federal agencies.

Eligibility of metropolitan areas

Before supplemental grants can be made for projects in a particular metropolitan area, it will have to be shown that (1) metropolitanwide comprehensive planning and programing provide an adequate basis for the location and scheduling of public facilities and land developments of metropolitanwide or interjurisdictional public significance; (2) adequate areawide arrangements exist to carry out such planned and coordinated development; and (3) public facility projects (whether federally aided or not) and other land developments having a major impact on the development of the area are in fact being carried out in accord with comprehensive planning and programing.

Eligibility of applicant

Not all localities or other public bodies in an eligible metropolitan area could receive supplemental grant assistance under the program. An applicant public body would have to show that public facility projects and other activities over which it has jurisdiction and which are of interjurisdictional or areawide significance are being carried out

in accord with the metropolitan planning and programing. The objective would be to further areawide and interjurisdictional coordination where that is needed.

Special attention would be given to whether the applicant is effectively assisting in, and conforming to, metropolitan planning and programing through the location and scheduling of its public facility projects and its establishment and consistent administration of zoning codes, subdivision regulations, and similar land-use and density controls.

This requirement could not, of course, be applied directly to a sewer district or other special-purpose body. If the applicant is not a county, municipality, or other general-purpose government, then the general-purpose government having jurisdiction over the location of the project would also have to qualify under the program.

Role of areawide comprehensive planning agency

The metropolitanwide comprehensive planning agency would be expected to assist materially in making these necessary determinations of eligibility. It would provide comments on the consistency of assisted development projects with areawide planning and programing. It would also report on the overall status of the area's development activity as it relates to carrying out areawide planning and programing.

Authorization for appropriation

The bill would authorize the appropriation of such sums as may be necessary to carry out the purpose of this title and the administration's budget for fiscal year 1967 carries a request for \$25 million for this purpose.

TITLE III. COORDINATION OF FEDERAL ACTIVITIES IN METROPOLITAN DEVELOPMENT

Title III of the bill emphasizes and reinforces the leading role which the Department of Housing and Urban Development must play in Federal efforts to assist our metropolitan areas. The development problems of these areas are growing increasingly complex, and so likewise are the Federal and State assistance programs. This has greatly increased the need for more effective coordination among, and transmittal of information about, such programs.

Metropolitan expeditors

Title III seeks to help in two ways. It would require the Secretary of Housing and Urban Development to appoint a "metropolitan expediter" for any metropolitan area he found to need and desire such assistance, after consultation with local governmental authorities in the area. The expediter, acting of course through a staff as necessary, would provide information, data, and assistance to local authorities and private persons (and also to all relevant Federal departments and agencies) with respect both to HUD programs and activities and to other public and private activities and needs which relate to such programs and activities.

Under this authority, the expediter would provide detailed information about, and continued liaison with, programs of the Department of Housing and Urban Development. He would also provide general information with respect to programs of other Federal and State

agencies. However, his function with respect to such programs would be only as a clearinghouse; those agencies themselves would necessarily continue to be responsible for providing more detailed information and continuing liaison, as part of their own program operations.

Such expeditors would be particularly helpful to localities in metropolitan areas participating in the demonstration cities program authorized by title I of this bill. However, even with respect to this program or other Housing and Urban Development programs, it is not intended that he have any authority to approve local applications for assistance. This will continue to be the function of the regional offices of HUD, as delegated by the Secretary.

Cooperation between Federal agencies

In addition, the bill would help to assure that all Federal programs related to metropolitan development are carried out in a coordinated manner by specifically authorizing the Secretary of Housing and Urban Development to obtain from other Federal agencies statistical data, program reports, and other material needed to carry out the metropolitan-area responsibilities of the Department. Federal agencies carrying out programs related to HUD programs or other responsibilities would provide such materials and otherwise cooperate with the Secretary in carrying out those responsibilities.

This provision is not intended to change the present arrangements for HUD reimbursement of other Federal agencies in providing special materials or other services. Rather, it is intended to emphasize that other agencies would cooperate fully in providing such services, consistent with their own authority and responsibilities.

This provision would be of special importance in connection with the functions of the new metropolitan expeditors. As described above, such expeditors must, in order effectively to assist localities within metropolitan areas, be able to act as a clearinghouse of general information and advice with regard to all metropolitan-area programs, rather than just those of HUD. It will be very important that the other Federal agencies having program responsibilities within such areas work closely with these expeditors.

TITLE IV. LAND DEVELOPMENT AND NEW COMMUNITIES

During the 1st session of the 89th Congress, the committee reported favorably on a new program of FHA mortgage insurance for privately financed land development which the Congress subsequently enacted as part of the Housing and Urban Development Act of 1965. That program, embodied in title X of the National Housing Act, had as its principal aim providing a stimulus to the production of an adequate supply of properly planned and improved residential sites. It also was based on a recognition of the need to provide a meaningful approach toward avoiding the wasteful disorganization which unfortunately has been the mark of much recent metropolitan land development. Since enactment of the program, the committee has observed with interest the attention the program has gained throughout the country.

Title IV of the bill is focused on extending Federal credit and other assistance to facilitate the development of entire new communities, and on strengthening and improving the title X FHA land development program.

Mortgage insurance for new communities

The bill would add a new provision to the existing FHA land development program under title X of the National Housing Act which would authorize the approval of a category of "new communities" for which sites could be acquired and improved with the aid of FHA mortgage insurance.

The concept of "new communities" is not unique, and many successful new town or community developments are already well underway. Despite the difficulties in securing adequate financial backing for these projects on reasonable terms, a number of large developers have undertaken the development of well-planned new communities.

The work of developing new communities across this Nation has been and will continue to be the proper responsibility of the private sector—the mortgage banking community, land developers, the building industry, and others. It should be clearly understood that the new authority contained in the bill is in no way directed toward supplanting these successful efforts, but only toward encouraging more participation and activity by builders and developers in new community development through the availability of FHA mortgage insurance.

The Subcommittee on Housing has heard detailed testimony on the proposed program of land insurance for new communities from the Secretary of Housing and Urban Development and from numerous other witnesses reflecting many differing viewpoints. After carefully evaluating all aspects of the proposal, your committee is persuaded that the new communities provisions of this bill would be instrumental in encouraging well-planned land developments on the scale necessary to move toward orderly metropolitan growth. As future population increases occur in metropolitan areas, the bulk of these increases will take place outside the central cities, in suburbs and new communities. Action is clearly needed now to meet the demands of rapid population growth and rapid urbanization in the immediate future.

New communities under the bill would consist of land developments meeting all other requirements under existing title X, and satisfying certain special requirements under the new provision added to title X. Developments would be eligible for approval if the Secretary of Housing and Urban Development determined they will, in view of their size and scope, make a substantial contribution to the sound and economic growth of the area in which they are located, in the following forms:

- (1) Substantial economies, made possible through large-scale development, in the provision of improved residential sites;
- (2) Adequate housing for those who would be employed in the community or the surrounding area;
- (3) Maximum accessibility from the new residential sites to industrial or other employment centers, and commercial, recreational, and cultural facilities in or near the community; and
- (4) Maximum accessibility to any major central city in the area.

In the committee's view, it is clear that there are substantial problems involved in carrying forward land development for new communities on any sizable basis. Except in selected circumstances, developments cannot ordinarily approach the scale or scope necessary to assure overall economic success. For this reason, many economies

which otherwise might have resulted—to the building industry, the consumer and the locality—have not been realized.

Under the bill, developments will be planned so as to assure a broad range of urban facilities and services. New communities will more readily provide nearby industrial, commercial, civic, and recreational facilities, minimizing transportation costs and efforts. They will also provide a fuller range of housing as to both the range of incomes to be served, and as to design. FHA credit assistance for these large-scale developments will promote long-range economies in the use of our land resources, permit greater flexibility in the private housing market, and, above all, assure a greater range of choice for the home-buying public.

The new community might be served by several schools, a hospital, churches, and other community facilities. New towns, with appropriate planning, could enjoy permanent open space, natural water resources, forests, parks, and recreation areas.

One factor which would be considered in approving a development as a new community, is its maximum accessibility to any major central city in the area. Special emphasis would be placed on maintaining close relationship between new communities and nearby major central cities. Along with existing development, redevelopment, and mass transportation aids which are accorded cities under present law, the central cities will be able to enhance their economic base and become even more the major service, educational, cultural, and distribution centers of their region. In terms of economic development, this will benefit both the new communities and the cities.

One important purpose of the land development program enacted last year was to encourage the participation of small builders. This emphasis applies particularly with respect to new communities, and section 403 of the bill contains a clarifying amendment to this end.

The availability of FHA mortgage insurance under the new authority is especially intended to permit smaller land developers and smaller local homebuilders, as well as local mortgage lenders, to participate in the land development program. Small- and medium-sized builders will be better able, under this legislation, to obtain lots at reasonable prices on which to build houses in new communities. An increasingly important segment of tomorrow's housing market will thereby be opened to them, to the benefit both of the builders and of the new communities themselves.

One of the most persistent problems of small builders is the difficulty of securing a steady supply of reasonably priced improved building lots. They simply do not have the cash or credit facilities or even the time needed to undertake a land purchase and land improvement program to supply them with an even flow of good building sites in well-planned large subdivisions or in attractive new communities. The homebuilding industry as a whole is finding it increasingly important to market houses on the basis that the entire neighborhood or the entire new community will provide unusual attractions for the homebuyer. This trend in the industry toward large-scale planned development becomes increasingly apparent every building season.

The program of FHA mortgage insurance for land development for new communities can be helpful to small builders in a number of ways. For example, under this program the small builder can join with other small builders to acquire and jointly develop a site com-

mensurate with their combined needs and capacities for several years of home construction. The ability to pool equity and the eligibility of fees for professional services under the FHA-insured land development mortgage enable the small builders to retain competent technical land development staff for the operation. Each builder, however, can retain his individual building and sales operation with respect to his own lots within the larger project, and all can share in the profits on land for commercial property within the project made valuable by the aggregation of new families.

Another way in which small builders may participate is by purchasing the desired number of contiguous lots from land developers who are not themselves homebuilders. Without the benefit of FHA credit assistance, such land developers are often forced to obtain credit backing or other participation from large- or medium-sized homebuilders in order to enable the land developers to obtain the funds with which to prepare sites in a large development. In the case of large new communities, even more extensive backing or participation is required from large homebuilder organizations. In return for such backing or other participation, the land developer must normally make firm commitments to the participating homebuilders under which the latter will have first choice of the best blocks of improved lots, thus leaving random and inferior lots, if any, to smaller builders. The availability of FHA mortgage insurance will in very many cases make it unnecessary for land developers to make such advance commitments to large- and medium-size builders. Instead, the land developer can carry the site preparation stage with the insured FHA mortgage loan; sell lots on the free market; and thereby make additional improved lots available to smaller builders.

Benefits which will accrue to smaller builders, however, will not be at the expense of medium-size and larger builders. Increased availability of credit for rational and orderly development is intended to result in increasing the supply of improved building lots at cheaper prices for all builders.

Longer mortgage maturities would be authorized for new communities under the bill. Under existing law, FHA-insured land development mortgages are limited to a maximum maturity of 7 years, except that longer maturities are permitted in the case of privately owned water or sewerage systems. Under the bill, this exception would be extended to land developments for new communities.

Other provisions affecting new communities

FNMA special assistance.—FHA-insured land development mortgages under title X are presently eligible and would continue to be eligible for FNMA purchase under its regular secondary market program. However, since the principal aim of the new authority provided in the bill is to encourage new community land developments of necessary and appropriate scale and scope, the Federal National Mortgage Association would be authorized, if needed, to purchase new community land development mortgages at the more generous terms allowable under FNMA's special assistance program. This provision will be particularly helpful during periods such as the present, when mortgage funds are in short supply.

Urban planning grants.—The bill would make available urban planning grants, under the present program of urban planning assistance, to official governmental planning agencies for areas where new com-

munities are to be developed with mortgage insurance assistance, or where land is being acquired by land development agencies designated or created pursuant to State law. Such Federal grants to local planning agencies are presently available for metropolitan areas, depressed areas, and federally impacted areas.

Public facilities.—New communities would be eligible for public facilities provided by municipalities or other political subdivisions, with the assistance of loans under the public facility loan program. The population limit (50,000) on the political jurisdiction eligible to receive public facility loans would be waived in the case of public facilities serving new communities within jurisdictions whose total population would otherwise make them ineligible to receive such loans.

Increased maximum mortgage amounts for FHA-aided land development

The bill also broadens the scope of the overall existing FHA land development program by increasing from \$10 million to \$25 million the maximum outstanding mortgage amount permitted for a single development. This increase will provide the type of financial flexibility necessary to assure sufficient credit assistance for very large developments, whether they are well-planned subdivisions or entire new communities.

Loans to land development agencies

In addition to making credit assistance available to private developers to enable them to create well-planned new communities, your committee believes credit assistance, in the form of direct loans, should be available to public land development agencies.

The new loan authority provided in the bill is designed specifically to assist those State governments wishing to establish land development agencies to promote the planned development of future urban growth, taking full advantage of the State's unique powers in this area. Under State law, cities, counties, and other political subdivisions could be designated as participating land development agencies. Through these agencies, State governments responsible for the well-being of all of their citizens would become instrumental in fostering comprehensive planning of new areas expected to be populated within the foreseeable future.

The bill would authorize the Secretary of Housing and Urban Development to make loans to land development agencies to finance the acquisition (but not the improvement) of open or predominantly undeveloped land to be utilized for developing well-planned residential neighborhoods, subdivisions, and new communities. Such agencies would be public corporations, including municipalities, designated or created pursuant to State law, and the land acquired would be sold to private builders, possibly after installation of basic public facilities, for the construction of well-planned developments. These could be residential neighborhoods, housing subdivisions, or more extensive developments, including new communities authorized under title X, as amended by the bill. Loans would be limited to an amount not exceeding the total cost, as approved by the Secretary, of the acquisition of a fee simple or other interest in the land, including capitalization of interest for the term of the loan, and related expenses. The loans would be required to be reasonably secured and would be repayable within a period not exceeding 15 years at an interest rate of not more than the average annual interest rate on all interest-bearing obligations of the United States forming a part of the public

debt, adjusted to the nearest one-eighth percent, plus one-half percent. These loans could not be made unless the Secretary determined that—

(1) Private financing was not otherwise available on reasonable terms;

(2) The development of a well-planned residential neighborhood, housing subdivision, or community on the land would be consistent with a comprehensive plan or with comprehensive planning, meeting criteria established by the Secretary, for the area in which the land is located; and

(3) A preliminary development plan for the use of the land met the criteria which he has established.

Criteria for comprehensive planning would be designed to assure maximum accessibility of planned developments to any major central cities in the area.

Under the bill, land acquired would be developed in accordance with a development plan consistent with the provisions of the loan agreement. Sales of the land to private persons could not be for less than its fair value for uses in accord with the approved development plan. Development plans, wherever feasible in the light of current conditions, would be required to encourage the provision of sites providing an appropriate balance of types of housing to serve families having a broad range of income. The Secretary would adopt requirements necessary to encourage the maintenance of a diversified local homebuilding industry and broad participation by builders, particularly small builders.

Loans authorized under the bill would be made from the revolving fund established by title II of the Housing Amendments of 1955, to finance the public facility loan program. After some experience under the loan program indicates that this type of State and municipal activity is both practical and successful, the committee is hopeful that private investor interest in the obligations issued by land development agencies can be expected. Private funds could then most likely be obtainable at interest rates below the interest rate to be charged for the Federal loans.

Loans to land development agencies under the bill would not conflict with, or overlap, the mortgage insurance assistance for land development provided under title X of the National Housing Act. It is contemplated that loans to land development agencies under the new authority would in almost all cases take place at an earlier stage in the development of land than would the loans insured under title X. For example, a loan to a land development agency might finance the acquisition of land which, when sold by the agency, could be developed with financial assistance under title X, or developed without any form of Federal or State assistance whatsoever. At this point (the point of intensive development of the land for a residential neighborhood, subdivision, or new community) the title X mortgage insurance program would begin to operate.

TITLE V. FHA INSURANCE OPERATIONS

Title V would (1) authorize a new experimental FHA mortgage insurance program which would provide financing at below market interest rates for the purchase and rehabilitation of housing and for its resale to low-income individuals and families, and (2) make changes in existing FHA housing loan insurance programs.

Below market interest rate financing of sales housing for low-income individuals and families

Homeownership is a fundamental goal of our national housing policy. Through legislation extending back to the early 1930's, millions of American families have been able to achieve this goal who could not otherwise afford it. In spite of this, there are still many families whose incomes fall just short of the level needed to buy homes of their own. A major deterrent to homeownership is the extremely heavy burden of financing costs which in many cases amount to more than the cost of the home itself. The committee has included a provision in the bill, section 506, which would offer on an experimental basis, FHA financing to low income families at the same 3-percent interest rate now available to rental and cooperative projects for moderate income families and to housing for the elderly. This financing would be available in neighborhoods which consist largely of deteriorating or substandard housing and could be used only if the housing is rehabilitated to bring it up to an adequate level. Through this approach, there is an immediate public benefit when the housing is rehabilitated and the neighborhood improved, and there is the further benefit of making homeownership possible for deserving families.

The program would enable low-income individuals and families to buy rehabilitated homes with as low as \$200 downpayments and with FHA-insured mortgages bearing below-market interest rates. FHA-insured below-market interest rate mortgages would also finance the purchase of the housing by nonprofit organizations and its rehabilitation by those organizations for resale to the low-income individuals and families. The Federal National Mortgage Association would assist in the financing of the housing by commitments to purchase and purchase of the mortgages under its special assistance program. Under existing law the maximum interest rate on the mortgages would be 3 percent per annum.

The program is designed to enable highly motivated families to buy their own homes rather than subsidizing their renting of a house or apartment. It is patterned after programs being carried out in St. Louis and a few other cities, and is based on the premise that homeownership can play a large part in the conservation of neighborhoods and the prevention of the growth of blight and slums.

Under the bill, mortgages aggregating not more than \$20 million in outstanding balances at any one time could be insured by FHA where the mortgagor is a nonprofit organization financing the purchase and rehabilitation of deteriorating or substandard housing for resale to low-income home purchasers. The housing must consist of five or more single-family dwellings. They can be detached, semi-detached, or row construction. The mortgage would bear interest at the rate permitted for below-market rental housing under the FHA section 221(d)(3) program (currently 3 percent per annum), and could be amortized in accordance with such terms as the Secretary of Housing and Urban Development may prescribe. The amount of the mortgage could not exceed the appraised value of the property plus the estimated cost of rehabilitation. The mortgage would provide for the release of the individual dwellings from the lien of the mortgage when the dwellings are sold.

A nonprofit mortgagor must demonstrate to the satisfaction of the Secretary that the property to be rehabilitated is (1) located in a neighborhood which is sufficiently stable and contains public facilities and amenities that would support long-term values, or (2) that the rehabilitation to be carried out by the mortgagor, plus private and public activities in the neighborhood, will be of such scope and quality as to give reasonable promise that a stable environment will be created in the neighborhood.

The nonprofit mortgagor would be required to agree that after the housing is rehabilitated it will offer to sell the dwellings to individuals or families who have incomes below the maximum amount that would permit them to be eligible (in their area) for rent supplements under the Housing and Urban Development Act of 1965. Under that act, the income cannot exceed the maximum amount permitted in the area for occupancy of federally aided low-rent public housing.

Purchase of the dwellings by the low-income purchasers would be with FHA-insured mortgages bearing the same low interest rate as the mortgage given by the nonprofit organization selling the housing. The downpayment would be not less than \$200, which could be applied in whole or in part toward closing costs. The purchase price would be that portion of the unpaid balance of the nonprofit organization's mortgage covering the property which is allocable to the individual dwelling being sold (plus the \$200 downpayment).

Upon sale of a dwelling by the nonprofit organization, the dwelling would be released from the lien of the mortgage given by the nonprofit organization for financing the purchase and rehabilitation of the housing.

A mortgage given by a home purchaser under the program would be required to contain a provision that if the purchaser does not continue to occupy the housing, the interest rate will increase to the highest rate permitted by FHA under the section 221 program at the time the commitment was issued to insure the mortgage of the nonprofit organization which rehabilitated the housing. However, the increase in interest rate would not be applicable if the home purchaser sells the property to another purchaser who is either (1) the nonprofit organization from which he purchased, (2) the local housing authority of the area, or (3) another low-income purchaser approved by the Secretary.

Pending sale of individual dwellings, a nonprofit organization could operate them as rental housing, with rentals regulated by the FHA in the same manner as the below market 221(d)(3) rental housing.

Provision is also made for full or partial waiver by FHA of the payment of premiums for mortgage insurance under the new program.

Changes in existing FHA housing loan insurance programs

A number of modifications in existing FHA housing loan insurance programs would be made by title V, and the Capehart military housing program would be reactivated.

FHA financing for veterans

The new liberal mortgage insurance program for housing for veterans authorized by the Housing and Urban Development Act of 1965 would be made available to a veteran even though he has previously received a VA direct, guaranteed, or insured home loan. Under this program a veteran can purchase a home with an FHA-insured

mortgage with no downpayment required on the first \$15,000 of the value of the home, a 10-percent downpayment on the value of the home over \$15,000, but not in excess of \$20,000, and 15 percent downpayment on the value in excess of \$20,000. Your committee sees no reason why the benefits of this liberal form of FHA financing should be denied to veterans who previously used their GI entitlement.

Cooperative housing

The FHA cooperative housing program would be liberalized in four respects:

1. The per family unit limitations on the amount of a cooperative housing mortgage would be increased by \$2,500.

2. The amount of a supplemental insured loan could be larger where the loan finances improvements of community facilities for an existing cooperative housing project. Under present law, an insured supplemental loan is limited to an amount which, when added to the outstanding mortgage indebtedness on the property, creates a total outstanding indebtedness which does not exceed the original principal obligation of the mortgage. Under the amendment, a supplemental loan for improvements or facilities could be up to 97 percent of the value of the improvements and facilities, so long as the total outstanding indebtedness does not exceed the limits imposed under the law on the original mortgage financing the housing.

3. Compliance with prevailing wage requirements applicable to the construction of multifamily housing could be waived where families who will occupy the housing donate their labor in order to lower their housing costs.

4. Certain technical obstacles would be removed to the transfer of insurance of management-type FHA cooperative housing insured mortgages to insurance on a mutual basis.

Mortgage limits—Low income housing

In order to enable the FHA home mortgage insurance program for low- and moderate-income families [sec. 221(d)(2)] to be more operative under present increased housing costs, the limit on the amount of an insured mortgage would be increased from \$11,000 to \$12,500 in the case of a single-family dwelling, and from \$18,000 to \$20,000 in the case of a two-family dwelling.

Waiver of deduction of insurance benefits when multifamily mortgage is assigned

Another provision in the bill would help mortgagors of FHA multifamily housing projects who, in spite of good management, are in default on their mortgages. Under this provision, FHA could, in cases of assignments of mortgages in default, waive all or part of the 1 percent deduction from insurance benefits it pays the mortgagee. Under the present law, because of this deduction from insurance benefits when a mortgage is assigned to FHA rather than being foreclosed, many mortgagees may exercise their option to foreclose, since the 1 percent deduction in the case of assignment may be greater than the cost of foreclosing. This results in foreclosures in cases where the mortgagors could, if given more time, through good management, restore their mortgages to a current condition. Mortgagees would be more willing to assign the mortgages rather than foreclose if the deduction from insurance benefits in cases of assignment is waived in whole or in part. If a mortgage is assigned to FHA, FHA can permit

the mortgagor to continue operating the project and in some cases help the mortgagor to cure the default in the mortgage. This would be a benefit not only to the mortgagor, but also to the FHA.

Reactivation of Capehart armed services housing program

There is a pressing need in many communities for additional housing for servicemen and their families in connection with military bases. Unfortunately, budgetary restrictions limit the amount of funds available for direct military construction of this housing. To meet this need, the bill would revive the program of FHA mortgage insurance to finance housing for the Armed Forces (popularly known as the Capehart program). Because this program employs private capital, it can provide this much needed housing without strain on the Federal budget. The bill would authorize financing for 60,000 such units over the next 3 years with a maximum average amount of \$17,500 per dwelling unit. The maximum interest rate on these loans would be 5½ percent.

TITLE VI. MORTGAGE INSURANCE FOR GROUP PRACTICE FACILITIES

Title VI of the bill amends the National Housing Act to add a new title XI, authorizing the Secretary of Housing and Urban Development to insure mortgages on facilities for the group practice of medicine, dentistry, and optometry. (The terms "medicine" and "medical" as used in the new title XI include physicians who are duly licensed doctors of medicine or doctors of osteopathy.) The interest rate on mortgages insured under the program could not exceed 6 percent and the Secretary of Housing and Urban Development would be authorized to fix premium charges up to 1 percent of the principal obligation outstanding at any time, to cover the costs of administration and the risk of default. An insurable mortgage under the new program would be limited to 90 percent of the estimated value of the facility after construction or rehabilitation (with a maximum mortgage amount of \$5 million), and would have a maximum maturity of 25 years.

These new provisions would carry out the recommendations of both President Kennedy and President Johnson that the Federal Government guarantee the repayment of loans for the construction or rehabilitation of group practice facilities in order to ameliorate the problems of securing long-term financing for these facilities, which typically have high initial capital requirements.

Group practice is one demonstrated way of reducing hospital utilization, and of making more efficient use of scarce manpower and expensive diagnostic equipment. The demands for health care in this country are increasing rapidly, from \$27 billion in 1960 to approximately \$40 billion last year, with private spending for personal health care in 1965 alone amounting to more than \$26.1 billion—about 6.1 percent of personal consumption expenditures. The costs of health care are also increasing; the cost of hospital care has risen 5 to 7 percent a year for the past 20 years. The scarcity of health manpower has required congressional action several times in recent years, with new laws giving Federal support to the training of doctors, dentists, and other highly trained professionals. Even with these efforts, the

ratio of physicians to population is expected to remain about the same over the next decade. The trend toward specialization has severely reduced the number of doctors available for general practice. The preventive diagnostic care which group practice can provide is one answer to the gradual disappearance of the family physician. Moreover, continuous common recordkeeping by all of the members of the group practice, and "one stop medicine" are distinct advantages to the patient.

Recently, on June 23, 1966, the House passed a bill to provide Federal aid for the training of personnel at the technological and technical levels in the health occupations, such as medical technologists, dental hygienists, X-ray technicians, and others. These middle-level and subprofessional staff workers are in very short supply even with the present demands for services, and the prospect is that the shortages will continue for some time into the future. In a group practice, the services of these personnel are shared by the physicians in the group, with the result that fewer technicians are required for the number of patients who receive care.

New methods of providing payment for hospital care—the increasing amount of private insurance coverage incident to employment, and public programs such as medicare—will result in more people who need services being able to make their demands effective. If the existing supply of health facilities and manpower is not to be overtaxed, it is important to make every attempt to reduce unnecessary hospital utilization. Evidence was presented to the committee that experience under the Federal employees health benefits program has demonstrated that hospital utilization rates are significantly lower among those persons who obtain their medical services through group practices. Every day of needless hospitalization avoided is an important saving to the consumer with hospital costs now averaging \$42 a day in the United States. It is important, too, as one way to stretch the existing supply of health care facilities, if we are to succeed in making the best in health care available to all in this country who need it.

As the techniques of diagnosis and treatment become more complex, the cost of equipment becomes a more significant factor in the cost of providing medical care. Just as there is plain efficiency in sharing technical and subprofessional staff, such as nurses, laboratory and X-ray technicians, there is an equally obvious efficiency in the sharing of expensive machinery, such as laboratory and X-ray equipment.

Doctors in group practice can see more patients per week. And at the same time, the committee was told, doctors in group practice are better able to maintain their skills at the highest levels, because they share responsibility for patient care with their colleagues, and it is easier for them to participate in continuing education programs. As the practice of medicine continues to change rapidly, this is an especially important advantage to the patient.

The need to provide mortgage insurance as an encouragement to the development of group practice was demonstrated not only by the shortages of health resources and the efficiencies of group practice, but also by cases of established need in which group practices have been unable to secure adequate long-term financing. The reluctance of many lenders may be attributable to the fact that a group practice facility is not always readily convertible to other uses. On the other

hand, the committee heard evidence that individual doctors and dentists generally have good credit ratings and are able to obtain financing for individual practices. The committee therefore included an amendment to provide that mortgage insurance would only be available where a showing is made that the loan could not be obtained on comparable terms without mortgage insurance.

To insure that the advantages of group practice are in fact realized through the construction of the facilities insured under this title, the bill requires that a medical, dental, or optometric group engage in group practice as their principal professional activity and as a group responsibility; that they engage in the coordinated practice of their profession, share common expenses, medical and other records, and substantial portions of the equipment and the professional, technical, and administrative staffs. A medical or dental group could operate either on a prepayment basis or on a fee-for-service basis, so long as these organizational requirements of group practice were met.

While the evidence before the committee justified extending Federal mortgage insurance to encourage the development of group practices, the facilities are only the tool for accomplishing the beneficial objective of providing good health care, and the committee desires to make it absolutely clear that there is no intention to create a bonanza and to allow windfall profits to be reaped out of the real estate operation. The committee therefore amended section 1106(3) to provide that the mortgagor must be a nonprofit organization. This amendment of course has nothing to do with the size of fees charged by doctors or dentists, or the amount of income that the members of the group, either collectively or individually, can derive from the practice of their profession. The amendment does not exclude profit making groups. The result of this amendment will be that the medical or dental group, if not itself nonprofit, must enter into an agreement with the nonprofit mortgagor for the use of the insured facility, and the income derived from the medical or dental practice will be fully reflected to the members of the group.

The bill applies the prevailing wage requirement of the Davis-Bacon Act to construction aided by mortgage insurance under this new title. In addition, the committee adopted an amendment which would require payment of wages at time and one-half rates for work in excess of 8 hours per day or 40 hours per week.

TITLE VII. RURAL HOUSING

Authority to buy new homes

Section 701 of the bill would amend the Housing Act of 1949 to permit the purchase of newly constructed homes. Many families are interested in buying new buildings but under the existing law only dwellings and farm service buildings that have been previously occupied may be bought with loan funds.

The need for better housing in rural America is great. A third of our population lives on farms, in the open country and in small rural towns with populations of not more than 5,500. This third of the population has half of the substandard housing in the Nation. Housing credit always has been scarce in rural areas and in recent months has been even more difficult to obtain.

The authority to buy older homes has proved to be an effective means of providing housing for rural families at a reasonable cost.

It has been particularly useful in connection with low-income families. But it has become increasingly clear that restricting the authority to the purchase of previously occupied buildings is an impediment to carrying out the rural housing program most effectively.

Broadening title V of the Housing Act of 1949 to permit making loans to buy newly constructed homes would enable many families who cannot get credit from other sources to obtain adequate, modest housing with less delay and difficulty than they now encounter in planning, contracting, and building. It also would encourage local builders to participate more extensively in the rural housing program. This would be an economic stimulant to the local economy by offering market outlets for materials and employment to local residents. Local builders in small towns customarily build several houses a year with the prospect of selling them. Such builders could build houses with the expectation of selling them to families who might obtain loans from the Farmers Home Administration.

As with all houses financed with rural housing loans, finished homes would have to meet Farmers Home Administration standards. In no case would a loan be made in excess of the appraised value of the property as determined by the Farmers Home Administration.

Use of cosigners for title V loans

Section 702 would permit the use of a cosigner on any rural housing loan where the applicant does not have sufficient repayment ability. Under existing law, cosigners may be used only for elderly applicants whose income is too low to provide reasonable assurance of being able to repay the loan.

The housing needs among the low-income rural families are particularly acute. More than half of the rural families who in 1960 had incomes of less than \$3,000 were living in houses that were dilapidated or lacked complete plumbing. Their personal incomes are not adequate to provide necessary assurance that the loan payments will be met. This problem of low-income families with poor housing in rural areas could be helped considerably if they could use cosigners to compensate for income deficiency.

With the proposed amendment, many low-income families will be able to obtain loans to repair, improve, or even buy a home of their own. Without the amendment, such families would have to continue to live in substandard housing.

Increase in maximum assistance under section 504 of the 1949 act

Section 703 would increase the maximum assistance available under section 504 of title V of the Housing Act of 1949 from \$1,000 to \$1,500. Under section 504, loans and grants or combination loans and grants not exceeding \$1,000 may now be made to families with extremely low incomes to help them make essential repairs to the homes they own. If the family has enough income to repay a small loan to make minor improvements such as patching or replacing a roof, making the house weathertight, or providing a safe and sanitary water supply, such a loan may be made. In case the family does not have enough income to repay such a loan, they may qualify for a grant to make minimum essential improvements so as to remove hazards to the health and safety of the family and the community.

The \$1,000 maximum limit on assistance under section 504 was established in 1962. Building costs have increased substantially

since then. Furthermore, experience has shown that the \$1,000 often is inadequate to make the necessary repairs to a rural dwelling to enable the family to have even minimum shelter. Another consideration is that the Housing and Urban Development Act of 1965 authorized grants in amounts up to \$1,500 to certain urban families. Raising the maximum amount of assistance available under section 504 to this level for low-income rural families would help give them equality of opportunity with urban families to improve their housing.

Extension of purposes of direct loans for rental housing

Section 704 would amend section 515(a) of the Housing Act of 1949 to permit making loans to private nonprofit corporations and consumer cooperatives to provide rental housing for low-income rural residents even though they are less than 62 years of age.

Under present law such rental housing may be provided only for rural elderly persons with low or moderate incomes. This phase of the rural housing program has demonstrated its effectiveness in meeting the housing needs of the elderly rural families, and the committee believes it should be extended to low-income families in all age groups.

There are many persons under 62 in rural America with low incomes whose housing needs can best be met by economically constructed rental housing operated on a nonprofit basis. These are families who because of personal preference or lack of sufficient income are unable to maintain a privately owned home. Some are young families who are trying to become established and have not reached their maximum level of earning. Others are persons who have passed their earning peak but are not yet 62 years old and do not have sufficient income to acquire a decent home of their own.

About 96 percent of the houses in rural areas are one-unit structures. In 1960, 70 percent of the rural families with incomes of less than \$3,000 who were renting houses were living in homes that were dilapidated or lacked plumbing. Making rental housing available to all age groups would help many of these low-income families have a decent home in which to live.

TITLE VIII—MISCELLANEOUS

Title VIII would make needed changes in a number of existing housing and urban development programs, and provide new authorities for (1) applications of new technology to housing and urban development, (2) studies and demonstrations in the field of urban hydrology, and (3) construction financing for FHA cooperative and low-income multifamily housing.

Construction financing for FHA cooperative and section 221 housing

The current mortgage market has made it increasingly difficult to obtain construction financing at reasonable interest rates and reasonable service charges for cooperative housing and nonprofit rental housing for low-income families.

The bill would assist in the provision of construction financing for such housing by authorizing the Federal National Mortgage Association to make FHA-insured advances during construction of the housing where the mortgagors are cooperatives or nonprofit organizations, and the mortgages financing the housing are to be insured by FHA under its cooperative housing (sec. 213) program or its section 221(d) (3) program for low-income housing. This would include the below-

market (d)(3) housing. FNMA advances would be made in cases where it has made commitments to purchase the mortgages. The advances would be limited to 95 percent of the construction financing.

The lending institutions providing the balance of the construction advances would handle all servicing and processing work through the FHA final insurance endorsement, as FNMA is not staffed to perform those functions.

Use of open-space grants for development of existing open-space land

Provisions of this title will remove an undesirable restriction on the authority of the Secretary to assist in the development of land under the open-space grant program. Present law authorizes him to make up to 50 percent grants for the development of open-space areas with—for example—access roads, landscaping, and basic recreation facilities. However, such grants may now be made only for the development of open-space land which has itself been acquired with a grant under the program.

There is an urgent need for increasing the accessibility and usability of open-space land in our urban areas, as well as to acquire additional land in advance of urban development. Land acquired under the open space program generally forms only a small part of the land suitable for such improvement. The present restriction on development grants thus tends to prevent Federal assistance for open-space development from being based on actual local needs and priorities. Therefore the bill would authorize the use of Federal matching grants under the open-space program for the development and improvement of open-space land whether or not it was acquired under this program.

Applying advances in technology to housing and urban development

This title authorizes a program of research and studies to test and demonstrate new and improved techniques and methods of applying technological advances to housing construction, rehabilitation and maintenance, and urban development activities. The provisions of the title would direct the Secretary of Housing and Urban Development to encourage and promote the acceptance and application of modern techniques and methods of constructing, rehabilitating, and maintaining housing, as well as the application of technological advances to urban development activities, by all segments of the housing industry, communities, industries engaged in urban development activities, and the general public. Considerable technological advances are being made by private industry and State and local governments both with respect to the cost and quality of home construction and with respect to meeting the complex problems of urban development. Constant experimentation is being carried on in such areas as housing design, materials, and construction techniques, and in making our urban centers safer, healthier, and more attractive places in which to live.

The problem is not a lack of technological progress. Rather, it is that these continuing advances in technique are often slow to be applied. Builders are reluctant to risk making major changes in designs or materials for fear of adverse market reaction. The home buyer does not readily accept deviations from traditional housing design or materials. Communities that could benefit enormously from the application of such new urban techniques as large-scale centralized treatment of wastes or new methods of intracity transportation are often slow to move along these lines.

The program authorized by this bill will not involve basic research to develop technological improvements. It is designed to encourage and assist industry to continue to reduce the cost and improve the quality of housing and urban development activities through the application of existing advances in technology created by private research and development efforts. The program will be carried out by the Secretary directly, through contracts with public or private bodies or agencies, or by working agreements with other departments or agencies of the Federal Government. The bill authorizes appropriations of such sums as may be necessary to carry out the program.

Payments with respect to certain properties at or near military bases ordered to be closed

The Housing and Urban Development Act of 1965 included a provision designed to protect servicemen and other employees at military bases closed by order of the Department of Defense from suffering the loss in value on their homes entailed by the closing of the base. That provision, however, suffered from a serious shortcoming in that it provided only for acquisition of the housing (at the preclosing value) and offered no protection to the serviceman or employee who lost his home through foreclosure or who was forced to sell at a depressed price because of inability to carry the cost of an unoccupied home at the closed base as well as of a home at his new place of employment.

The Department of Defense has not requested an appropriation to carry out the provision of section 108 of the 1965 act but after study has submitted legislative recommendations to the committee to replace that section. One of those recommendations was meritorious in that it provided aid to the serviceman or employee who had suffered a loss but who had already been forced to dispose of his home. While limited in scope as proposed by Department of Defense, the committee feels that this additional authority is needed and section 810 of the bill would authorize the Secretary of Defense to pay the loss in value between preclosing prices and the value at actual time of foreclosure or sale without acquiring the property. In taking this action, the committee feels that it is providing well-warranted protection to servicemen and other employees at closed military bases who have suffered a loss for reasons beyond their own control and it further feels that the Secretary of Defense should request an appropriation to carry out the will of Congress.

Hydrology research for urban development

The bill provides new authority for the Secretary of Housing and Urban Development to conduct studies, investigations, research, and demonstrations to develop and improve all aspects of the science and technology of urban hydrology having reference to storm drainage systems for urban and metropolitan areas. The authority would be carried out through contracts with public or private bodies and agencies, or by working agreements with other Federal departments or agencies.

Under the new program, the Secretary will evaluate the studies, investigations, research, and demonstrations authorized, and will make available the information resulting from these activities through publications and other appropriate means. A report will be submitted annually to the President and to the Congress concerning the activities financed under the program, with such recommendations as

the Secretary deems desirable for additional legislation to develop the science of urban hydrology and its application.

One of the most significant and urgent economic and technical needs in urban development is to minimize direct and indirect storm water losses and to reduce the need for future storm drainage control expenditures. The responses of urban areas to the problems of rainfall and water runoff, the definition of potential flood hazards and their probability, the approaches to proper design of storm drainage and storm water protection facilities, as well as the economic, financial, and legal needs and considerations in urban drainage and urban flood control design, are presently ill defined. For this reason, the committee is of the opinion that improved design techniques and procedures will be necessary for appropriate areawide urban and metropolitan planning, for minimizing future urban storm damages and urban storm water control expenditures, and for fostering conservation practices in industrial and domestic urban use of water. The new authority provided is intended to (1) stimulate a coordinated research and development program to develop and improve all aspects of the science and technology of urban hydrology having reference to storm drainage systems for urban and metropolitan areas, (2) provide the means for evaluation of the studies, investigations, research, and demonstrations undertaken, and (3) make available, through publications and other appropriate means, information resulting from the studies, investigations, research, and demonstrations undertaken. The bill authorizes appropriations of such sums as may be necessary to carry out the program.

Code enforcement under urban renewal

The Housing and Urban Development Act of 1965 authorized new assistance for intensive code enforcement under the urban renewal program. This provision is aimed primarily at areas where code enforcement can arrest developing blight or restore neighborhoods with a minimum of reliance on outright clearance. That provision recognized that it would not be economic for a city to require substantial expenditures by private owners to bring deteriorating homes up to full code standards in cases where demolition under the urban renewal program or for other reasons was imminent. It has come to the attention of the committee that this has been interpreted by the Department to deny code enforcement assistance in blighted areas where eventual clearance appears likely even though such action may be some years away. Meantime, the housing continues to be substandard and may even deteriorate further, working a serious hardship on the occupants. The committee feels that this provision should be interpreted to provide the limited aid involved in code enforcement projects in such cases so that the housing will provide at least minimum decent conditions in the period while further action is being considered or planned.

SECTION-BY-SECTION SUMMARY OF THE BILL AS REPORTED

The first section provides that the bill may be cited by its short title—the “Housing and Urban Development Act of 1966”.

TITLE I—DEMONSTRATION CITIES PROGRAM

Section 101. Findings and declaration of purpose

This section sets forth the findings of Congress that improving the quality of urban life and upgrading deteriorated urban environments constitute our most critical domestic problems, and that cities do not have the resources needed to deal effectively with these problems without additional Federal assistance in improving their physical environment, increasing the housing supply for low- and moderate-income people, and providing vital services.

It further states that it is the purpose of title I to provide additional assistance to enable cities to plan, develop, and carry out programs to rebuild or revitalize large slum and blighted areas and expand and improve public programs and services in those areas, to enable cities to participate more effectively in existing Federal programs, and to help cities to plan the effective coordination of the activities aided under existing Federal programs with other public and private activities.

Section 102. Basic authority

This section would authorize the Secretary of Housing and Urban Development to make grants and provide technical assistance to enable city demonstration agencies to plan, develop, and carry out comprehensive city demonstration programs.

Section 103. Comprehensive city demonstration programs

This section defines the term “comprehensive city demonstration program” and establishes criteria for such programs.

Subsection (a) defines a “comprehensive city demonstration program” as a locally prepared and scheduled program for rebuilding or restoring entire sections and neighborhoods in slum and blighted areas through the concentrated and coordinated use of all available Federal aids and local private and governmental resources, including citywide aids and resources necessary to improve the general welfare of the people living or working in the areas.

Subsection (b) provides that a comprehensive city demonstration program is eligible for assistance to carry out the program only if the Secretary determines that—

- (1) the program is of sufficient magnitude in both physical and social dimensions to remove or arrest blight and decay in entire sections or neighborhoods; provide a substantial increase in the supply of standard housing of low and moderate cost; make marked progress in serving the poor and disadvantaged people living in slum and blighted areas with a view to reducing educa-

tional disadvantages, disease, and enforced idleness; and make a substantial impact on the sound development of the entire city;

(2) the rebuilding or restoration of sections or neighborhoods, in accordance with the program, will contribute to a well-balanced city with adequate public facilities (including those needed for transportation, education, and recreation), commercial facilities adequate to serve the residential areas, good access to industrial or other centers of employment, and housing for all income levels;

(3) the program provides for educational and social services necessary to serve the poor and disadvantaged in the area, widespread citizen participation in the program, maximum opportunities for employing residents of the area in all phases of the program, and enlarged opportunity for work and training;

(4) adequate local resources are, or will be, available for the completion of the program as scheduled;

(5) administrative machinery is available for carrying out the program on a consolidated and coordinated basis, the local governing body has approved the program, and local agencies whose cooperation is necessary to the success of the program have indicated their intent to furnish such cooperation;

(6) there exists a relocation plan meeting the requirements of the regulations referred to in section 107 of the bill;

(7) the program is designed to assure maximum opportunity in the choice of housing accommodations by all persons; and

(8) the program meets such additional requirements as the Secretary may establish to carry out the purpose of the title.

Subsection (c) provides that, in determining whether a proposed comprehensive city demonstration program is eligible for assistance, the Secretary must give maximum consideration to whether (1) substantive local laws, regulations, and other requirements are, or can be expected to be, consistent with the objectives of the program; (2) the program will enhance neighborhoods by applying a high standard of design and will, as appropriate, maintain distinctive natural, historical, and cultural characteristics; (3) the program is designed to make maximum use of new and improved technology and design, including cost reduction techniques; (4) the program will encourage good community relations and counteract the segregation of housing by race or income; and (5) the program is consistent with comprehensive planning for the entire urban or metropolitan area.

Section 104. Financial assistance for planning comprehensive city demonstration programs

Subsection (a) authorizes the Secretary to make grants to, or contract with, city demonstration agencies to pay 80 percent of the costs of planning and developing comprehensive city demonstration programs.

Subsection (b) provides that such financial assistance may be provided only if (1) the application for the assistance has been approved by the local governing body of the city, and (2) the Secretary has determined that there exist administrative machinery through which coordination of all related planning activities of local agencies can be achieved and evidence that necessary cooperation of agencies engaged in related local planning can be secured.

Section 105. Financial assistance for approved comprehensive city demonstration programs

Subsection (a) requires the Secretary to review plans for comprehensive city demonstration programs in order to determine that (1) such plans satisfy the criteria for comprehensive city demonstration programs set forth in section 103 of the bill, and (2) the various projects or activities to be undertaken under such programs are planned and scheduled to be initiated within a reasonably short period of time.

Subsection (b) authorizes the Secretary to extend grant assistance for approved comprehensive city demonstration programs to pay 80 percent of the costs of administering such programs (but not including the costs of administering any project or activity assisted under a Federal grant-in-aid program).

Subsection (c) provides that in addition, to assist the city to carry out the projects or activities included within an approved comprehensive city demonstration program, the Secretary may make grants to the city demonstration agency of not to exceed 80 percent of the aggregate amount of non-Federal contributions required to be made by the locality to all projects or activities assisted by Federal grant-in-aid programs carried out in connection with such comprehensive city demonstration program. The specific amount of any such grant must take into account the number and intensity of the economic and social pressures in the sections or neighborhoods involved, such as those involving or resulting from population density, crime rate, public welfare participation, delinquency rate, poverty levels, unemployment rate, educational levels, health and disease characteristics, and degree of substandard and dilapidated housing. The amount of non-Federal contribution required for each such project or activity would be certified to the Secretary by the Federal department or agency administering the grant-in-aid program and the Secretary would be required to accept such determination in computing the amount of grants made under this section.

Subsection (d) requires that grant funds provided under subsection (c) to assist in carrying out an approved comprehensive city demonstration program be used for projects or activities which are part of such program; and if such projects or activities are assisted under other Federal grant-in-aid programs the funds provided under subsection (c) must be credited toward the required non-Federal contribution to such projects or activities.

Subsection (e) prohibits the Secretary from making any grant under this section of the bill unless he obtains satisfactory assurances that the locality will maintain, during the period the approved comprehensive city demonstration program is being carried out, its prior level of aggregate expenditures for activities similar to those assisted under this section.

Section 106. Technical assistance

This section authorizes the Secretary to provide technical assistance to city demonstration agencies to assist such agencies in planning, developing, and administering comprehensive city demonstration programs.

Section 107. Relocation requirements and payments

Subsection (a) requires that a comprehensive city demonstration program include a relocation plan for individuals, families, business concerns, and nonprofit organizations displaced or to be displaced in carrying out the program which assures the availability of adequate housing before people are displaced and requires, to the maximum extent feasible, the coordination of relocation activities with increases in the supply of standard housing suitable for displaced families.

Subsection (b) requires relocation payments, in the amount and in the circumstances authorized by section 114 of the Housing Act of 1949, to individuals, families, business concerns, and nonprofit organizations displaced or to be displaced under comprehensive city demonstration programs, and provides that grants under section 105 of the bill shall include amounts to cover the full cost of such payments in addition to other financial assistance.

Subsection (c) makes it clear that the requirement of relocation payments imposed by subsection (b) does not apply to any displacement occurring before the bill is enacted.

Section 108. Continued availability of Federal grant-in-aid program funds

This section provides that funds appropriated for a Federal grant-in-aid program which are reserved for any projects or activities assisted under such grant-in-aid program undertaken in connection with an approved comprehensive city demonstration program will remain available until expended when so provided in appropriation acts.

Section 109. Consultation

This section requires the Secretary, in carrying out the provisions of the title, including the issuance of regulations, to consult with other Federal departments and agencies administering grant-in-aid programs. In addition, the Secretary would be required to consult with each Federal department and agency affected by any approved comprehensive city demonstration program before entering into a commitment to make grants for such program under section 105 of the bill.

Section 110. Labor standards

This section requires compliance with the prevailing wage provisions of the Davis-Bacon Act on all projects assisted directly or indirectly under the demonstration cities program. In addition, payment of time and a half would be required for work performed in excess of 8 hours in a day or 40 hours in a week.

Section 111. Appropriations

Subsection (a) authorizes, for planning grants under section 104, appropriations of \$12 million for the fiscal year 1967 and such sums as may be necessary for the fiscal year 1968.

Subsection (b) authorizes, for grants to assist approved comprehensive city demonstration programs under section 105, appropriations of such sums as may be necessary for the fiscal year 1968 and the succeeding fiscal years of the program. It is stated to be the sense of the Congress that appropriations for these grants shall be made only on the basis of need demonstrated by the plans submitted, and that any such appropriation shall take into account the budgetary situation existing at the time it is made.

Subsection (c) authorizes such additional appropriations (for technical assistance, administrative expenses, etc.) as may be necessary to carry out the program.

Subsection (d) provides that amounts appropriated for the program may remain available until expended when so provided in appropriation acts.

Section 112. Definitions

This section defines terms used in title I. A "Federal grant-in-aid program" is a program of Federal financial assistance other than loans (and other than assistance under this title). A "city demonstration agency" is a city or any local public agency established or designated by the city's local governing body. A "city" is any municipality (or two or more municipalities acting jointly), or any county or other public body (or two or more acting jointly) having general governmental powers. A "local agency" may be a State agency or instrumentality providing services or resources to a city or locality, and "local" resources include those so provided.

Section 113. Termination of authority

This section provides that all authority conferred under title I shall terminate at the close of June 30, 1971, except to the extent necessary for the liquidation of the program or to deal with outstanding contracts, commitments, and other obligations.

Section 114. Grant authority for urban renewal projects which are part of approved comprehensive city demonstration programs

This section amends section 103(b) of the Housing Act of 1949 to provide authority for an additional \$600 million in urban renewal grant contracts, to be exercised (in or after the fiscal year 1968) only with respect to urban renewal projects which are identified and scheduled to be carried out as part of approved comprehensive city demonstration programs.

TITLE II—GRANTS TO ASSIST IN PLANNED METROPOLITAN DEVELOPMENT

This title is designed to provide incentives for effective metropolitan planning and development with the objective of assuring the actual physical development of projects in the metropolitan area in accordance with the planning. The incentive consists of increased aid to federally assisted projects of a type which generally affect the growth of such area, and would be given only where all public and private development in the area having a major regional impact is consistent with planned metropolitan development.

Section 201. Findings and declaration of purpose

Subsection (a) sets forth the findings of Congress (1) that it is essential that metropolitan areas prepare, keep current, and actually carry out comprehensive plans and programs for their orderly physical development; (2) that these areas are especially handicapped by the complexity and scope of governmental services required, the multiplicity of political jurisdictions and agencies involved, and the inadequacy of the operational and administrative arrangements available for cooperation among them; and (3) that present requirements for areawide planning and programing in connection with various Federal programs have materially assisted in the solution of metro-

politan problems but additional participation and cooperation are needed from the States and localities in perfecting and carrying out such areawide efforts.

Subsection (b) declares that the purpose of title II is to provide additional encouragement and assistance to States and localities, through supplementary grants for certain federally assisted development projects, for making effective comprehensive metropolitan planning and programing.

Section 202. Grant authority

Subsection (a) authorizes the Secretary of Housing and Urban Development to make supplementary grants to applicant State and local public bodies and agencies carrying out, or assisting in carrying out, development projects meeting the requirements of this title.

Subsection (b) provides that grants may be made under this title only for development projects in metropolitan areas for which it has been demonstrated, to the satisfaction of the Secretary, that metropolitanwide comprehensive planning and programing provide an adequate basis for evaluating as to consistency (A) the location, financing, and scheduling of individual public facility projects (including, but not limited to, sewer, water, and sewage treatment facilities; highway, mass transit, airport, and other transportation facilities; and recreation and other open-space areas) whether or not federally assisted; and (B) other proposed land development or uses, which projects or uses, because of their size, density, type, or location, have public metropolitanwide or interjurisdictional significance.

In addition, no metropolitan area would be eligible for the grants unless it is demonstrated to the satisfaction of the Secretary that adequate metropolitanwide institutional or other arrangements, such as a metropolitan council of governments, exist for coordinating local public development policies and activities on the basis of the metropolitanwide comprehensive planning and programing; and that public facility projects and other land development or uses (public or private) which have a major impact on the development of the area are, in fact, being carried out in accord with the metropolitanwide comprehensive planning and programing.

Subsection (c) provides that where the applicant for a grant under this title is a county, municipality, or other general-purpose unit of local government it must demonstrate to the satisfaction of the Secretary that taking into consideration the scope of its authority and responsibilities it is adequately assuring that public facility projects and other land developments or uses of public metropolitanwide or interjurisdictional significance are being, and will be, carried out in accord with metropolitan planning and programing meeting the requirements of subsection (b). In making this determination the Secretary is to give special consideration to whether the applicant is effectively assisting in, and conforming to, metropolitan planning and programing through (1) the location and scheduling of public facility projects (including, but not limited to, sewer, water, and sewage treatment facilities; highway, mass transit, airport, and other transportation facilities; and recreation and other open-space areas) whether or not federally assisted; and (2) its establishment and consistent administration of zoning codes, subdivision regulations, and similar land use and density controls. Where the applicant is not a general-purpose unit of local government, both it and the general-

purpose unit of local government having jurisdiction over the location of the project must meet the requirements of this subsection.

Subsection (d) provides that, in making the determination required under this section, the Secretary is to obtain, and give full consideration to, the comments of the body or bodies (State or local) responsible for planning and programing for the metropolitan area.

Subsection (e) provides that no grant may be made under this title with respect to a development project for which a Federal grant has been made, or a contract of assistance has been entered into, under any of the laws referred to in paragraph (1) of section 205 of the bill, prior to February 21, 1966, or more than 1 year prior to the date on which the Secretary has made the determinations required under this section with respect to the applicant and the area in which the project is located. In the case of a project for which a contract of assistance under any of the laws referred to in paragraph (1) of section 205 is entered into after June 30, 1967, there is a further provision that no grant may be made under this title unless an application for such grant has been made on or before the date of such contract.

Section 203. Extent of grant

Subsection (a) limits a grant under this title to 20 percent of the cost of the project for which the grant is made, and in addition provides that the grant under this title may never exceed the Federal grant made to the project under other legislation. In no case are the total Federal contributions to the cost of any such project to be more than 80 percent.

This subsection also specifies that, notwithstanding any other provision of law, including requirements with respect to non-Federal contributions, grants under this title are eligible for inclusion (directly or through refunds or credits when a portion of the local share has meanwhile been paid in) as a part of the financing for a project. Projects or activities on the basis of which assistance is received under the demonstration cities program (title I of the bill) are not to be eligible for assistance under this title.

Subsection (b) authorizes the appropriation of such sums as may be necessary to carry out the provisions of this title. Such appropriations would remain available until expended when so provided in appropriations acts.

Section 204. Consultation and certification

This section requires the Secretary, in carrying out the provisions of this title, including the issuance of regulations, to consult with the Department of the Interior, the Department of Commerce, the Department of Health, Education, and Welfare, and the Federal Aviation Agency with respect to development projects assisted by those departments and agencies and, for the purpose of determining grant amounts, to accept their respective certifications as to the cost of those projects and the amount of the non-Federal contribution paid or to be paid to that cost.

Section 205. Definitions

This section defines certain terms used in title II of the bill.

(1) "Development project" is defined to mean a State or local project assisted under certain specified Federal programs. (These programs are those which most often involve projects affecting the pattern of local land use and local growth.) The specified programs are—

(a) grants for basic water and sewer facilities, administered by the Department of Housing and Urban Development under section 702 of the Housing and Urban Development Act of 1965;

(b) grants for construction of sewage treatment works, administered by the Department of the Interior under section 8 of the Federal Water Pollution Control Act;

(c) grants for highway construction (Federal-aid primary and secondary systems, but not the Interstate System) administered by the Department of Commerce under section 120(a) of title 23, United States Code;

(d) grants for airport development, administered by the Federal Aviation Agency under the Federal Airport Act;

(e) grants for urban mass transportation facilities and equipment, administered by the Department of Housing and Urban Development under section 3 of the Urban Mass Transportation Act of 1964;

(f) grants for acquisition and development of open space, or for urban beautification and improvement, administered by the Department of Housing and Urban Development under title VII of the Housing Act of 1961;

(g) grants for the acquisition and development of lands and waters for recreational purposes, administered by the Department of the Interior under section 5(e) of the Land and Water Conservation Fund Act of 1965; and

(h) grants for public works and facilities, administered by the Department of Commerce under section 101(a)(1) of the Public Works and Economic Development Act of 1965 (but only if they involve works or facilities of a type which the Secretary determines to be eligible under one of the programs listed in paragraphs (a) through (g) above).

(2) "State" means any State of the United States, the Commonwealth of Puerto Rico, the Virgin Islands, or an agency or instrumentality of any of the foregoing.

(3) "Metropolitan area" means a standard metropolitan statistical area as established by the Bureau of the Budget, subject however to such modifications and extensions as the Secretary may determine to be appropriate.

(4) "Secretary" means the Secretary of Housing and Urban Development.

TITLE III—COORDINATION OF FEDERAL ACTIVITIES IN METROPOLITAN DEVELOPMENT

Section 301. Cooperation between Federal agencies

This section authorizes the Secretary of Housing and Urban Development to call upon other Federal agencies for data, reports, and other materials and to assist the President in coordinating the efforts of such agencies, and directs all Federal agencies engaged in metropolitan programs to cooperate with the Secretary, in order to insure that all Federal programs related to metropolitan development are carried out in a coordinated manner.

Section 302. Metropolitan expeditors

This section directs the Secretary of Housing and Urban Development to appoint, for each metropolitan area which needs and desires

it (and after consultation with local governmental authorities in such area), a metropolitan expediter who will provide information, data, and assistance to local authorities and other local persons, and to relevant Federal agencies, with respect to the Department's programs and activities in such area and other activities and needs in such area which relate thereto.

TITLE IV—LAND DEVELOPMENT AND NEW COMMUNITIES

This title expands the FHA mortgage insurance program for privately financed land development under title X of the National Housing Act (which was enacted as part of the Housing and Urban Development Act of 1965), authorizing the Secretary to approve "new communities" for which certain special aids would be available and increasing the maximum outstanding mortgage amount permitted under the title X program; and in addition it authorizes loans to land development agencies to finance the acquisition of land to be utilized in connection with the development of well-planned residential neighborhoods, subdivisions, and communities.

Section 401. Mortgage insurance for new communities

This section adds to title X of the National Housing Act a new section 1004, authorizing the Secretary of Housing and Urban Development to approve a category of "new communities" for mortgage insurance under title X. These would consist of land developments, satisfying all other requirements under the title, which meet the special requirements of the new section. (Subsequent sections of this title of the bill would authorize longer mortgage maturities and FNMA special assistance for this category of land development which would not be available to land developments, even though very extensive, which are not approved as meeting the special requirements.)

A development would be eligible for approval as a new community if the Secretary determines that it will, in view of its size and scope, make a substantial contribution to the sound and economic growth of the area within which it is located in the form of—

- (1) substantial economies, made possible through large-scale development, in the provision of improved residential sites;
- (2) adequate housing to be provided for those who would be employed in the community or the surrounding area;
- (3) maximum accessibility from the new residential sites to industrial or other employment centers and commercial, recreational, and cultural facilities in or near the community; and
- (4) maximum accessibility to any major central city in the area.

The objectives and planning criteria for the existing land development program would also be applicable with respect to new communities. The Secretary would, under already enacted provisions of title X, review the site development plan to determine that it is consistent with overall comprehensive plans or planning actually being carried out for the area in which the community is to be located.

Section 402. Mortgage amount and term

Subsection (a) amends section 1002(c) of the National Housing Act to increase from \$10 to \$25 million the maximum mortgage amount permitted at any one time for a single land development mortgage

under title X, in order to make possible sufficient credit assistance for very large developments, including new communities or very large subdivisions.

Subsection (b) amends section 1002(d) of the act to exempt new communities approved by the Secretary from the 7-year maximum mortgage maturity generally applicable under existing law to mortgages under the land development program. Such an exemption is already provided in the case of privately owned water or sewerage systems.

Section 403. Encouragement of small builders

This section amends the present section 1004 of the National Housing Act (redesignated section 1005) to make it clear that the present requirements for encouraging broad participation by builders in the land development program are intended particularly to encourage participation by small builders.

Section 404. Water and sewerage facilities

This section amends the present section 1005 of the National Housing Act (redesignated section 1006) to require that in the case of a new community approved by the Secretary the land shall be served, after its development, by public systems for water and sewerage which are consistent with other existing or prospective systems in the area, or by existing privately or cooperatively owned systems (including reasonable extensions thereto) which are approved by the Secretary and are regulated in a manner acceptable to him. However, the section also provides that, where there is no existing system that can serve the area and the Secretary determines that public ownership of a new system is not feasible, the land may be served by an adequate privately or cooperatively owned new system, under the following conditions:

- (1) the Secretary finds the system consistent with other existing or prospective systems within the area;
- (2) the system will be regulated, during the period of such private or cooperative ownership, in a manner acceptable to the Secretary with respect to user rates and charges, capital structure, methods of operation, and rate of return; and
- (3) the Secretary receives assurances, satisfactory to him, with respect to eventual public ownership and operation of the system and with respect to the conditions and terms of any sale or transfer.

Section 405. FNMA special assistance for new communities

This section amends section 302(b) of the National Housing Act to make FHA-insured mortgages with respect to new communities eligible for purchase by the Federal National Mortgage Association under its special assistance program. FHA-insured land development mortgages are now eligible for FNMA purchase under its secondary market program.

Section 406. Urban planning grants

This section amends section 701(a) of the Housing Act of 1954 to make urban planning grants thereunder available to official governmental planning agencies for areas where new communities are to be developed with mortgage insurance assistance or where land is being acquired by land development agencies under the new programs established by title IV of the bill. (Federal grants to local planning

agencies for such planning are now available for metropolitan areas, depressed areas, and federally impacted areas.)

Section 407. Public facility loans

This section amends section 202 of the Housing Amendments of 1955 to waive the population limit (50,000) on the political jurisdictions eligible to receive public facility loans thereunder in the case of public facilities serving new communities within such jurisdictions.

Section 408. Loans to land development agencies

Subsection (a) amends section 202 of the Housing Amendments of 1955 to authorize the Secretary to provide financial assistance thereunder to land development agencies to finance the acquisition of land to be utilized in connection with the development of well-planned residential neighborhoods, subdivisions, and communities. These land development agencies would include municipalities, counties, and other public corporations which are designated or created pursuant to State law. The land acquired would be sold to private builders, possibly after installation of basic public facilities, for the construction of well-planned developments. These could be residential neighborhoods, housing subdivisions, or more extensive developments, including new communities. The land could be developed by the private owners with or without the mortgage insurance assistance available under title X of the National Housing Act.

Financial assistance under this new program would be limited to an amount not exceeding the total cost, as approved by the Secretary, of the acquisition of a fee simple or other interest in the land. It would be required to be reasonably secured and would be repayable within a period not exceeding 15 years at an interest rate of not more than the average annual interest rate on all interest-bearing obligations of the United States forming a part of the public debt, adjusted to the nearest one-eighth of 1 percent, plus one-half of 1 percent. Such assistance could not be provided unless the Secretary determines that—

(1) private financing is not otherwise available on reasonable terms;

(2) the development of a well-planned residential neighborhood, housing subdivision, or community on the land would be consistent with a comprehensive plan or with comprehensive planning, meeting criteria established by the Secretary, for the area in which the land is located; and

(3) a preliminary development plan for the use of the land meets criteria which he has established.

The land acquired would be required to be developed in accordance with a development plan approved by the Secretary as consistent with the provisions of the loan agreement. Sales of the land to private persons could not be for less than its fair value for uses in accord with the approved development plan. A development plan, wherever feasible in the light of current conditions, would be required to encourage the provision of sites providing a proper balance of types of housing to serve families having a broad range of incomes. The Secretary would adopt requirements necessary to encourage the maintenance of a diversified local homebuilding industry and broad participation by builders, particularly small builders.

Subsection (b) amends section 203 of the 1955 amendments to make it clear that the loans authorized are to be made from the revolving fund established by title II of such amendments to finance the public facility loan program. No additional authorization is now necessary. It is estimated that during the first full year of operations the amount of Federal funds committed for these new loans would not exceed \$25 million.

TITLE V—FHA INSURANCE OPERATIONS

Section 501. FHA mortgage financing for veterans

This section amends section 203(b) of the National Housing Act (FHA's regular residential mortgage insurance program) to provide that the special liberal terms for veterans enacted in 1965 (100-percent loan-to-value ratio up to \$15,000, 90 percent from \$15,000 to \$20,000, and 85 percent over \$20,000) will be available to a veteran even though he has previously received a VA direct, guaranteed, or insured home loan.

Section 502. Cooperative housing insurance fund

Subsections (a) and (b) amend section 213 (m) and (n) of the National Housing Act to make changes facilitating the administration of FHA's new mutual cooperative management housing insurance fund. These changes would permit mortgagees to use FHA's general insurance fund debentures for paying premiums on cooperative housing mortgages transferred to the cooperative fund and to use cooperative fund debentures for the payment of general fund premiums, and would permit the transfer of cooperative mortgages to the new mutual fund without the mortgagee's consent.

Subsection (c) amends section 213 (k) and (l) of the act to direct the transfer to the new fund of the specific assets attributable to the insurance transferred to that fund, and to remove the provision requiring (before payment of any dividend) the repayment of any general funds transferred to the new fund.

Section 503. Mortgage limits for cooperative housing

This section amends section 213(b) of the National Housing Act to increase by \$2,500 per family unit the existing limitations (including the special limitations for elevator-type structures) which apply in determining the maximum amount of an insurable mortgage under FHA's cooperative housing program.

Section 504. Supplementary financing for cooperative housing

This section amends section 213(j) of the National Housing Act to permit the supplementary financing of improvements and community facilities provided in connection with existing FHA-insured cooperative housing up to 97 percent of the value of such improvements and facilities, even though financing to that extent would increase the mortgage indebtedness above the original mortgage amount (so long as it would not increase such indebtedness above the statutory maximum).

Section 505. Mortgage limits for homes under section 221(d)(2)

This section amends section 221(d)(2) of the National Housing Act to increase, from \$11,000 to \$12,500 in the case of a single-family dwelling and from \$18,000 to \$20,000 in the case of a two-family residence, the maximum mortgage amount for dwellings of this kind under FHA's

mortgage insurance program for moderate-income and displaced families.

Section 506. Insurance of mortgages under section 221 to finance purchase and rehabilitation by nonprofit organizations of housing for resale to low-income purchasers

Subsection (a) adds to section 221 of the National Housing Act a new subsection (h), authorizing the insurance of mortgages (not exceeding \$20 million outstanding at any one time) executed by private nonprofit organizations to finance the purchase and rehabilitation of deteriorating or substandard housing for resale to low-income purchasers (i.e., individuals and families having incomes below the maximum with which they could qualify under the rent supplements program). To be eligible for insurance under the new program, a mortgage would have to cover property or properties containing five or more single-family dwellings of detached, semidetached, or row construction (whether or not on the same or contiguous property). The mortgage amount could not exceed the appraised value of the property when purchased plus the estimated cost of the proposed rehabilitation; the mortgage would bear interest at the submarket rate provided for section 221(d)(3) mortgages, and would have a maturity determined by the Secretary.

The mortgagor would have to agree to sell the rehabilitated dwellings to low-income purchasers, whose individual mortgages would also be insured under the new program; each such individual mortgage would be in an amount equal to the portion of the principal mortgage which is allocable to the individual dwelling, would bear interest at the same rate as the principal mortgage, and would have a maturity equal to the remaining maturity of the principal mortgage. The purchaser would pay at least \$200 down, which may be applied to closing costs, in addition to the purchase price. Upon the sale of an individual dwelling to a low-income purchaser, such dwelling would be released from the lien of the principal mortgage; the insurance of the principal mortgage would be terminated when all such dwellings had been sold, without payment of any adjusted premium charge, and until that time the dwellings remaining unsold would be held and operated by the nonprofit mortgagor as though they were rental units in a section 221(d)(3) submarket-interest-rate project. If the low-income purchaser does not continue to occupy the property, the submarket rate would terminate and the interest rate would rise to the highest permissible section 221 rate, unless he has resold the property to the original nonprofit mortgagor or has sold it to the local public housing agency or to another approved low-income purchaser.

Subsection (b) makes conforming amendments to section 221(g) of the act (relating to payment of insurance).

Subsection (c) amends section 221(f) of the act to authorize full or partial waiver of the mortgage insurance premium to assist low- and moderate-income families to obtain housing through the new section 221(h) program, the same as is presently authorized for section 221(d)(3) mortgages.

Subsection (d) amends section 305(h) of the act to authorize FNMA special assistance for mortgages insured under the new section 221(h) program, the same as is presently authorized for section 221(d)(3) mortgages.

Section 507. Application of Davis-Bacon Act to cooperative housing projects insured under section 221 (d)(3) and (d)(4)

This section amends section 212(a) of the National Housing Act to permit the waiver of the prevailing-wage provisions of the Davis-Bacon Act in the construction of cooperative housing projects covered by mortgages insured under section 221 (d)(3) and (d)(4) to enable the low-income families and others who will occupy the projects to lower their housing costs by donating their services without compensation in the construction.

Section 508. Waiver of deduction on assignment of property to Secretary in lieu of foreclosure

This section adds to title V of the National Housing Act a new section 523, authorizing the Secretary to waive the 1-percent deduction from insurance benefits which is generally made when the mortgagee under a multifamily housing or land development mortgage in default assigns the mortgage to the Secretary instead of foreclosing and then conveying title.

Section 509. Armed services housing mortgage insurance program

This section amends section 803 of the National Housing Act to reactivate the armed services housing ("Capehart") program and extend it until October 1, 1969, authorizing an additional \$1,050 million in mortgage insurance covering an additional 60,000 family housing units, with a maximum average of \$17,500 per unit and a maximum interest rate of 5½ percent.

TITLE VI—MORTGAGE INSURANCE FOR GROUP PRACTICE FACILITIES

Section 601. Purpose

This section states that it is the purpose of title VI to assure the availability of credit on reasonable terms to assist in the construction and equipment of facilities for the group practice of medicine, optometry, or dentistry.

Section 602. Establishment of program

Subsection (a) adds to the National Housing Act a new title XI, providing mortgage insurance for group practice facilities.

Section 1101. Insurance of mortgages

Subsection (a) authorizes the Secretary of Housing and Urban Development to insure group practice facility mortgages, and make commitments to insure such mortgages, until October 1, 1969.

Subsection (b) requires that the mortgagor (which must be a "group practice unit or organization") and the mortgagee be approved by the Secretary, and that the mortgage cover property to be constructed or rehabilitated for use as a "group practice facility". It also prohibits insurance of any mortgage unless the applicant shows inability to obtain the mortgage loan on comparable terms without such insurance.

Subsection (c) limits an insurable mortgage to 90 percent of the estimated value of the facility after construction or rehabilitation (with a maximum mortgage amount of \$5 million), and provides for a maximum maturity and interest rate of 25 years and 6 percent.

Subsection (d) makes the Secretary's insurance contracts conclusive evidence of eligibility, and incontestable in the hands of an approved mortgagee except for fraud or misrepresentation.

Subsection (e) requires the mortgagor to agree to use the property as a group practice facility as long as the insured mortgage is outstanding.

Subsection (f) requires the mortgagor and mortgagee to keep such records and make such reports as the Secretary may require, and to permit examination of their records by the Secretary.

Section 1102. Premiums

This section authorizes the Secretary to fix premiums of not more than 1 percent, payable in cash or debentures, for mortgage insurance under the program, and to impose appropriate charges for analysis, appraisal, and inspection as well as an adjusted premium charge in case of prepayment.

Section 1103. Payment of insurance benefits

This section provides for payment of insurance benefits under the new program (from the general insurance fund) in the same manner as under FHA's section 207 regular rental housing program.

Section 1104. Regulations

This section authorizes the Secretary to prescribe the regulations necessary to carry out the new program, after consulting with the Surgeon General on the health and medical matters involved.

Section 1105. Administration

Subsection (a) authorizes the Secretary to provide technical assistance in planning and constructing group practice facilities, at the request of persons operating or planning the operation of such facilities.

Subsection (b) authorizes the Secretary, in order to avoid unnecessary duplication, to use (and pay for) existing services and facilities of other Federal agencies under agreements with the heads of such agencies.

Section 1106. Definitions

This section defines the principal terms used in the new title XI, including "group practice facility," "medical or dental group," "group practice unit or organization," "nonprofit organization," "State," "mortgage," "mortgagee," and "mortgagor."

A "group practice facility" is a facility for the provision (by a medical or dental group) of medical (including osteopathic), optometric, or dental care and treatment for ambulatory patients, under the supervision of appropriately licensed professional personnel.

A "medical or dental group" is an association or group of physicians (including osteopathic physicians), optometrists, or dentists who undertake the coordinated practice of their profession in one or more group practice facilities, sharing overhead expenses, records, equipment, and staff, and who make available at least such health services as may be required by the regulations prescribed under section 1104.

A "group practice unit or organization" can only be a private nonprofit agency or organization which will make a group practice facility available to a medical or dental group, or a private nonprofit agency or organization providing comprehensive medical, optometric or dental care to members or subscribers primarily on a group practice prepayment basis.

(b) Subsection (b) of this section of the bill amends section 227 of the National Housing Act to require cost certification in the case of group practice facility mortgages insured under the new program.

Section 603. Labor standards

This section amends section 212(a) of the National Housing Act to require compliance with the prevailing wage provisions of the Davis-Bacon Act in the construction of group practice facilities financed with mortgages insured under the new program. It also requires payment of time and a half for work performed in the construction of these facilities in excess of 8 hours in a day or 40 hours in a week.

Section 604. Amendments to other Federal laws

Subsection (a)(1) amends section 5136 of the Revised Statutes to exempt national banks, with respect to their dealings in and purchases of insured title X mortgages, from certain restrictions and limitations which would otherwise apply.

Subsection (a)(2) amends section 24 of the Federal Reserve Act to permit national banks to make insured title X loans without regard to certain restrictions and limitations which would otherwise apply.

Subsection (b) amends section 304 of the Trust Indenture Act of 1939 to exempt securities issued under an insured title X mortgage from the requirements of that act (and from the Securities Act of 1933).

Subsection (c) amends section 263 of the Bankruptcy Act to make that act inapplicable to creditors under an insured title X mortgage.

TITLE VII—RURAL HOUSING

Section 701

This section amends section 501(a) of the Housing Act of 1949 to remove the present requirement that existing farm and nonfarm rural dwellings and farm service buildings purchased with rural housing loans must have been "previously occupied."

Section 702

This section amends section 502(a) of the Housing Act of 1949 to permit the Secretary of Agriculture to accept a comaker in the case of any applicant for a rural housing loan under title V of such act who is deficient in repayment ability. Present law permits comakers only in the case of loans made to the elderly.

Section 703

This section amends section 504 of the Housing Act of 1949 to increase from \$1,000 to \$1,500 the maximum amount of a loan, grant, or combined loan and grant for repairs and improvements to owner-occupied rural dwellings or farm service buildings which are necessary to make them safe and sanitary.

Section 704

This section amends section 515 of the Housing Act of 1949 to expand the purposes of direct loans to private nonprofit corporations and consumer cooperatives under that section to include rental housing for the low-income rural nonelderly. Under present law such loans are restricted to housing for the rural elderly of low or moderate income.

TITLE VIII—MISCELLANEOUS

Section 801. Housing for the elderly or handicapped

This section makes a change in the effective date of the 3-percent ceiling on the interest rate applicable to elderly or handicapped housing loans which was enacted by section 105 of the Housing and Urban Development Act of 1965. Under this change, the 3-percent ceiling would apply not only to loans made on or after the date of enactment of the 1965 act but also to loans made before such date if the construction involved was not begun before such date and was not completed prior to application for the benefits of such ceiling.

Section 802. Low-rent housing in private accommodations for displaced families—term of lease

This section amends section 23(d) of the U.S. Housing Act of 1937 to provide that the term of the contract between the local public housing agency and the owner of housing to be used under the new program of low-rent housing in private accommodations enacted in 1965 (which is limited to 36 months under existing law) may be as long as 60 months where such agency determines that the housing is needed for displaced families.

Section 803. Application of Davis-Bacon Act to low-rent housing projects consisting of privately built housing

This section amends section 16(2) of the U.S. Housing Act of 1937 to require compliance with the prevailing wage provisions of the Davis-Bacon Act in the construction of privately owned structures to be used as low-rent housing in cases where an agreement that the structure will be so used is entered into by the local agency and the builder or sponsor before construction begins. In addition, payment of time and a half would be required for work performed in such cases in excess of 8 hours in a day or 40 hours in a week.

Section 804. Application of Davis-Bacon Act to multifamily housing construction in urban renewal areas

This section requires compliance with the prevailing wage provisions of the Davis-Bacon Act in the construction of any multifamily housing in the redevelopment of an urban renewal area, as a condition of any Federal assistance to the urban renewal project.

Section 805. FNMA participation in FHA-insured construction financing

This section adds to section 305 of the National Housing Act a new subsection (i), authorizing the Federal National Mortgage Association to participate (up to 95 percent) in making FHA-insured advances during construction on a section 213 cooperative housing mortgage, or a section 221(d)(3) mortgage executed by a cooperative or a nonprofit corporation, which it has issued a commitment to purchase,

with the private mortgagee doing all the administrative work of servicing and processing.

Section 806. Planning grants for research on State statutes affecting local governments

This section amends section 701(b) of the Housing Act of 1954 to permit section 701 planning grant funds to be used, under the demonstration program (for which 5 percent of such funds are set aside), for grants to assist in studies and research on needed revisions in those State statutes which create, govern, or control local governmental operations.

Section 807. Use of open-space grants for development of existing open-space land

This section amends sections 701 and 702 of the Housing Act of 1961 to authorize Federal grants under the open-space land program for the development and redevelopment of existing open-space land, as well as of land acquired under such program for development as open-space land.

Section 808. Prohibition against open-space grants to certain communities

This section amends section 702 of the Housing Act of 1961 to prohibit open-space or urban beautification grants to communities having a median family income of over \$15,000.

Section 809. Applying advances in technology to housing and urban development

This section authorizes the Secretary of Housing and Urban Development, in order to encourage cost reductions and improved quality in housing through the application of technological advances and to encourage the application of such advances in urban development activities, to conduct research and studies to test and demonstrate new and improved techniques and methods and to encourage and promote the acceptance and application of these techniques and methods by the housing industry, communities, industries engaged in urban development activities, and the general public.

Section 810. Payments with respect to certain properties at or near military bases ordered to be closed

This section amends section 108 of the Housing and Urban Development Act of 1965 to permit the Secretary of Defense, in a case where the closing or threatened closing of a military base or installation has terminated a property owner's employment or service there and also destroyed the market for his property, to compensate such owner for losses sustained when he sells the property or loses it through foreclosure (in an amount equal to the difference between the property's fair market value immediately before the closing was announced and its fair market value at the time of such sale or foreclosure). Under existing law the Secretary can acquire the property, but cannot make any payment if the owner's interest has been terminated through sale or foreclosure.

Section 811. Study concerning relief of homeowners in proximity to airports

This section extends until 6 months after the enactment of the bill the time allowed the Secretary of Housing and Urban Development for reporting the results of his study (provided for in section 1113

of the Housing and Urban Development Act of 1965) concerning relief of homeowners who reside in the vicinity of airports. It also authorizes appropriation of the specific sum of \$100,000 for this study.

Section 812. Hydrology research for urban development

This section authorizes the Secretary of Housing and Urban Development, in order to help urbanized areas deal more effectively with their increasingly severe storm drainage problems, to conduct studies, investigations, research, and demonstrations (by contracts with public or private agencies and working agreements with other Federal agencies) to develop and improve the science and technology of urban hydrology, and to evaluate such studies, investigations, research, and demonstrations and make publicly available the information resulting therefrom.

Section 813. Specific urban renewal projects

This section makes specified local expenditures in connection with land acquisition, or in connection with the construction of buildings or facilities, eligible as local noncash grants-in-aid (or extends other benefits) with respect to urban renewal projects in the following cities:

- | | |
|------------------------|--------------------------|
| (a) Cambridge, Mass. | (k) New Haven, Conn. |
| (b) Little Rock, Ark. | (l) Olathe, Kans. |
| (c) Toledo, Ohio | (m) Hackensack, N.J. |
| (d) San Antonio, Tex. | (n) Sacramento, Calif. |
| (e) Atlanta, Ga. | (o) Sheridan, Colo. |
| (f) Albion, Mich. | (p) Saginaw, Mich. |
| (g) Garden City, Mich. | (q) Oklahoma City, Okla. |
| (h) Memphis, Tenn. | (r) Pawtucket, R.I. |
| (i) Portland, Oreg. | (s) Dayton, Ohio |
| (j) Springfield, Mass. | |

Section 814. Use of certain lands for civil defense purposes

This section amends section 2 of the act of August 10, 1949, to provide that a portion of the tract of land conveyed to the State of Maryland pursuant to that Act may be used for civil defense purposes (instead of or in addition to National Guard purposes) without causing the land to revert to the United States.

Section 815. Quarters and facilities for Federal home loan banks and the Federal Home Loan Bank Board

Subsection (a) amends section 12 of the Federal Home Loan Bank Act to permit Federal home loan banks, with the prior approval of the Federal Home Loan Bank Board, to purchase or construct appropriate quarters for the conduct of their banking business.

Subsection (b) amends section 18 of such act to authorize the Board, utilizing the services of the General Services Administration, to acquire a site in the District of Columbia and construct thereon suitable buildings and facilities for the Board and its agencies (including the Federal Savings and Loan Insurance Corporation).

Section 816. Miscellaneous and technical amendments

Subsection (a) repeals the existing requirement (in section 106(d) of the Housing Act of 1949) that contracts under the urban renewal law which exceed \$1,000 may be made only after advertising for bids; such contracts would accordingly become subject to the general

Federal law, which imposes the requirement of advertising only where the amount of the contract exceeds \$2,500.

Subsection (b) amends section 113 of the Housing Act of 1949 to make it clear (in order to conform with amendments made by the 1965 Housing Act) that references in title I of that act and in the urban planning grant law to the Area Redevelopment Act are also references to laws which are supplementary thereto.

Subsections (c), (d), (e), (f), (g), and (h) make amendments which are technical or clerical in nature. (Subsections (f) and (i) include amendments reflecting the new title XI of the National Housing Act which would be added by title VI of the bill.)

Section 817. Conforming nomenclature in statutes to Department of Housing and Urban Development Act

This section amends various Federal laws to reflect the creation of the new Department of Housing and Urban Development, the transfer to that Department and the Secretary of the functions and powers previously vested in HHFA and its constituent units, and the abolition of the latter. It does not, in conforming the nomenclature used in those laws to the new administrative structure, make any substantive changes.

CHANGES IN EXISTING LAW MADE BY THE BILL AS REPORTED

[See part II of this report]

[MINORITY VIEWS ON H.R. 15890]

MINORITY VIEWS

DEMONSTRATION CITIES

“* * * if the Secretary determines that * * * the program meets such additional requirements as the Secretary may establish to carry out the purposes of this title.”

Prior to the sudden reporting of H.R. 15890 by the Housing Subcommittee and the full Banking and Currency Committee, there was general agreement by members of the subcommittee, both majority and minority, on a housing bill of 1966 that was responsive to testimony taken during the month long hearings held in March 1966. The present bill, with minor exceptions, is responsive only to the wishful thinking of the hierarchy of the Department of Housing and Urban Development and does not reflect the professional efforts of the subcommittee.

It is not so much an *omnibus* housing bill as it is an *ominous* housing bill. If passed, it will not only give away much of the national legislative controls belonging to the Congress, but also those local controls which belong to the communities of the Nation. It will use the power of the Federal purse to first stultify the local knowledge essential to the working of a much needed demonstration city program, and second, to ratify the mistakes, faulty planning, and misleading promises of the Department which insisted on its proposals or nothing.

The minority wants a program for our cities which will stress an increase in decent housing for citizens with low and moderate incomes. For the past several years minority members of this committee have introduced bills to turn the present housing and urban renewal program in this direction. The minority welcomes the change in attitude indicated by the demonstrations cities program. But it insists on a program which is free of the misconceptions in planning which characterize the present bill. The minority endorses the concept of demonstration cities, its breadth and its sweep as revealed in the findings and declaration of purpose. The minority, however, cannot endorse the specifics which follow these findings and declaration of purpose because they not only are faulty but also they endanger existing programs in the housing field upon which communities, families, and individuals are depending.

It is the position of the minority that no amount of face saving is worth the havoc that would be caused by a program conceived in ignorance, based on half-truths, and executed with more pride than skill. The minority believes this doubly true since the promises made in behalf of this bill are far in excess of any possible performance.

HIGH HOPES AND LONG SHOT ODDS

The Department has shamefully lobbied for H.R. 15890, stressing to the individual Members of Congress that any city is *eligible* to participate in the city demonstration program. The plain fact of the matter is that of the hundreds and thousands of cities in the country, perhaps a high of 50 or less can expect to participate in the program. The chances of any city participating under the conditions of H.R. 15890 are at best a 20 to 1 shot during the supposed 6-year life of the program.

To avoid calling a spade a spade, the Department first spoke of spending \$2.3 billion on demonstration city inducements, and then at the last moment covertly slipped in an additional \$600 million authorization for urban renewal in demonstration cities exclusively. Why? Because Department officials were made to face their own faulty arithmetic by knowledgeable Congressmen.

This \$2.9 billion, however, is not what the bill says will be authorized. The authorization is open end, without limit. It could well be 10 times \$2.9 billion, or more if the Department means to do what it has led the city officials of the United States to believe it can and will do.

This is the great danger of the program as proposed—that it will be used as a political “lure” to entice political support in the hope of generous Federal bequests. If this is allowed to happen, then a potentially valuable effort will be tragically compromised. The myriad problems confronting our cities desperately need to be solved. To do so will require the best in engineering and economic thinking—not the juggled arithmetic put forward by the Department as its panacea.

It has become increasingly obvious to most that almost all of our older and larger cities are faced with physical, social, and economic blight which threaten their continued viability and the well-being of adjacent communities. These cities contain substantial investments, the preservation of which is in the interest of our total economic and social life. These areas must be carefully identified and worked into a demonstration city program. But to hold out as bait, the hope that Federal funds for this purpose may be made available to every nook and cranny of the United States, is neither the part of sense nor honesty.

The country can neither afford such an operation, nor staff it, the Bureau of the Budget and the Department of Housing and Urban Development to the contrary notwithstanding. HUD has trouble coordinating its own programs and their newly arising problems—how can it hope to coordinate those of other departments and agencies as well?

In a bow to the Budget Bureau's willingness to endorse any multi-billion program, if the program's advocates will only postpone until next year the program's execution and the need to appropriate funds for that operation, we find only planning funds of \$12 million involved in the Department's 1967 fiscal forecast for demonstration cities needs.

PLAN NOW—PAY LATER

The departmental proponents of demonstration cities are saying we are only planning now and it does not have to cost much.

The trouble is the Department's brain-trusters were elaborately casual, not to say careless, in their planning. This is in a pattern. The medicare advocates, trying to slip one more idea into an overloaded program for the elderly, were perfectly willing to do so even at the risk of making the entire program unworkable. The same practice is now at work again.

We are once again faced with the situation where our ivory-tower specialists in the Department, secure and isolated in their cloistered retreats, made their paper research calculations, read the latest news dispatches on violent demonstrations, and too hastily produced a solution—ideal in concept, but short on practicality and void of impact intelligence.

The net result was that they came before the Congress in March asking for \$2.3 billion, and were seeking \$600 million more for their flimsy plans by June. The Congress and the country deserves better thinking.

The cost of the program as presently set up by the Department is \$2.9 billion. This is supposed to run 5 or 6 years. Expenditures have been estimated at \$400 to \$525 million annually. Testimony, however, taken from 11 of the 16 mayors who appeared before the subcommittee, put their needs, in terms of a demonstration city program, at over \$8 billion. Since the Department is talking in terms of 50 or 60 or 70 cities, while carefully encouraging *all* cities to think of themselves as "eligible," the program if it is to work will require much more than the advertised \$2.9 billion. This may explain why the appropriations in the bill are open end and have no limit as to authorization.

COORDINATOR OF FEDERAL ACTIVITIES

There are 43 programs which HUD thinks could be included in a city demonstration program. Of these 43 programs, 10 are within HUD, 25 within HEW, 2 each in the Departments of Agriculture, Commerce, and Labor, and the Office of Economic Opportunity. The HUD programs are urban renewal, neighborhood facilities, mass transit, open space, urban beautification, water and sewer facilities, community renewal, code enforcement, demolition grants, and low rent public housing, a list indicating the extent of the Department's intrusion into community life which it obviously hopes to expand.

The last named of the HUD programs, low rent public housing, is already a completely federally funded program. Consequently, it would be a natural conclusion that it would not be possible for it to obtain additional Federal funds for its direct operation. Under the demonstration cities program, however, it can.

Inquiry on this point, the transfer of funds within the various programs covered by any city's demonstration plan, was made during the hearings and the possibility was denied by the Department at that time. Now this same transfer of funds is presented by the agency as one of the more flexible advantages of the program. As the operation is explained by Department officials, all of the local contributions

that any of the programs included in the demonstration city plan are required to make under present law are added together to obtain a grand total. Of this total, 80 percent is turned over to the demonstration city agency to use as it sees fit. The agency may even use the funds for a program which did not contribute to the 80-percent grant, because it is already completely funded federally—so long as the program is included in the demonstration city plan. Thus, low rent public housing, which makes only a theoretical contribution, could have its subsidy payments increased under the proposed formula if the demonstration city so desires.

THE CHOSEN FEW

Another largely overlooked fact is what would happen to the big contributor, urban renewal. Figures from the Department indicate that 60 percent of the funds made available under the demonstration cities program will flow to urban renewal operations. Dr. Weaver says the demonstration cities program will be spending \$400 million a year. Sixty percent of that will be \$240 million. This is the 80-percent new Federal contribution of the local urban renewal share. The city still has to contribute 20 percent, which would be \$60 million. Added to the \$240 million, that gives us the *one-third* local contribution of \$300 million for urban renewal. The additional two-thirds that the Federal Government still has to put up for the urban renewal operation proper amounts then to \$600 million. Available for urban renewal use as of July 1, 1967: \$750 million. From this \$750 million, \$600 million will be available for a few demonstration cities, presently said to be 50, although it well could be less, leaving \$125 million for the more than 600 other cities who are active urban renewal applicants.

There are 595 cities in the country that have populations of 30,000 and over, and hence are eligible for membership in the U.S. Conference of Mayors. The National League of Cities, which has no population limits, has a membership of over 13,000. To protect the non-demonstration cities, which obviously will be in the majority, there was belatedly inserted in the bill a provision proposing to add \$600 million for the exclusive use of urban renewal projects in demonstration cities. This, however, despite the explanation that it was to be a one-time authorization good for the entire 6-year life of the program, is by our previous calculations only enough to last a year. If the urban renewal use of demonstration city funds goes above 60 percent—as it well may—the \$600 million may be wiped out in less than a year.

If this is intended as a 5- or 6-year authorization, it is too little to avoid the harm that could be done to nondemonstration cities. If it is intended to be an annual appropriation, the Congress should know it to insure proper understanding of just what this program entails in the way of expenditures and where it is heading. Anything else is too expensive a price to pay for the Department's lack of prior planning.

This late addition of a specific authorization of \$600 million for demonstration city urban renewal projects exclusively is proof of the completely unrealistic approach to the impact possibilities of the bill. The urban renewal program, by inference and admission, will command the majority of the funds authorized. Subsections of sec-

tion 103 of the bill, which sets up the conditions which any city must fulfill to the satisfaction of the Secretary, have major reference to such matters as *arresting blight and decay, development of the city, widespread citizen participation, maximum opportunities for employing residents of the demonstration area in all phases of the program, relocation plans, maximum opportunity for choice of housing accommodations by all citizens*, etc. This spells out urban renewal activities on a large scale and was confirmed by the Secretary in testimony before the subcommittee and elsewhere.

The significance of this for the nondemonstration cities becomes even more apparent when it is known that the \$725 million authorization made available on July 1, 1966, will be exhausted by the Department's backlog of applications before September 1, 1966. In other words, in less than 2 months, if the Department's processing holds up, the authorization for fiscal 1967 will be used up.

Under the demonstration cities formula, this makes a bad matter worse.

How bad the formula is becomes even more apparent when it is remembered that there are 407 urban renewal projects, as of the end of 1966, which are operating under the one-fourth local, three-fourths Federal formula. These are the cities which are either under a certain size, in depressed areas, or did their planning at their own expense. Obviously, the Congress thought the municipalities falling into any one of these three categories deserved more favorable terms from the Urban Renewal Administration.

Equally obvious is that 80 percent of one-fourth is a lot less than 80 percent of one-third. Thus, the demonstration cities formula goes a long way here to wipe out the previous intent of Congress.

The foregoing may be a little hard to grasp because of the fact that the demonstration cities formula applies only to the local one-third or one-fourth contribution that the city makes. Generally there is a tendency to overlook the fact that this is only a part of the urban renewal operation and that under the demonstration cities formula a part twice as large can be triggered, obligating a majority of the funds, possibly all of them, that are available under urban renewal for the exclusive use of a few communities chosen as demonstration cities.

OPEN END AND UNLIMITED

Regardless of the above, one fact stands out: if this bill passes in its present form, \$500 million a year, minimum, would be spent for the next 6 years for not more than 50 of the cities of the United States—the cities to be determined by the Secretary of HUD.

The Congress must face up to the fact that HUD officials from the Secretary on down, with billions of dollars at their disposal, will have more power over urban and suburban life than any mayor or Governor in the country.

The present bill places a termination date on the demonstration city program of June 30, 1971. If so terminated, it is too early to prove the Department's overstressed point; too late to prevent the damage that will be done under the present faulty planning setup.

Section 108 of the present bill keeps authorized funds, once appropriated, available past the point of the termination of the program

as listed. (To be remembered here is the fact that as of January 31, 1966, there were \$7.6 billion urban renewal funds authorized since 1949. Of this \$7.6 billion, \$5.6 billion has been committed but only \$1.5 billion spent.) The demonstration city program could take some time to move to an end, undoubtedly at great expense, possibly never.

The HUD Secretary, with the possibility of coordinating 10 of his own programs with 33 others of other departments and agencies, is required to consult with those departments and agencies prior to making any grants under the bill. All he has to do is consult. *The consultation is not binding in any particular.*

This brings up section 103, subsection (8), of the bill. This is the usual "boilerplate" which is said to give the Secretary flexibility in issuing regulations, etc. It also gives the Secretary the power to do just as he wishes. Among the specific admonitions within the bill's language (see subsecs. (4) and (8)) are those which require measures for counteracting "the segregation of housing by race or income." No one has yet satisfactorily explained how integration by income is brought about. There are other seemingly innocuous provisions inserted for the purpose of forcing the enactment of new building codes (1), and to enforce metropolitan planning (5).

All of this should alarm any community wishing to preserve its independence. They should not be deceived by the provisions that require local governing body approval. In all cases, the Secretary still has the power to decide whether the demonstration city applicant has the necessary administrative machinery to implement the program. This provision can be easily used to shut out small cities desiring to be included in the demonstration city program.

The minority's point is that the program as proposed in the new administration bill is *narrow, limited and expensive, but unplanned as regards existing programs*. To do the job as it should be done, we need planning not so much on the local level as we do on the national level. The original subcommittee bill gave those concerned a chance to do this. We cannot afford planning that has overlooked impact possibilities, that jeopardizes the operation of existing programs, that is subject to such political manipulation as to threaten whole communities with economic coercion.

Once again, this is not so much an *omnibus* housing bill as it is an *ominous* housing bill. The country needs the first, not the second.

FEDERAL-METRO GOVERNMENT

Thus we seek to recapture control of the use of land, most of which the Government has already given to people.—Dr. ROBERT C. WEAVER.

We agree with the findings and declaration of purpose of title II (grants to assist in planned metropolitan development).

We agree that "the welfare of the Nation and of its people is directly dependent upon the effective organization and functioning of the metropolitan areas in which two-thirds of its people live and work."

We agree that "the continuing rapid growth of these areas makes

it essential that they prepare, keep current, and actually carry out comprehensive plans and programs for their orderly physical development * * *."

We concur in the view that "metropolitan areas are especially handicapped in this task by the complexity and scope of governmental services required in such rapidly growing areas * * *." Moreover, we agree with the President's observation in his message of January 26, 1966, accompanying this bill, that "the absence of cooperation between contiguous areas is wasteful. It is also blind to the reality of urban life." The President further mentioned: "What happens in the central city, or the suburbs, is certain to affect the quality of life in the other."

We do not agree, however, that title II of this bill is the proper means of achieving these objectives.

MORE INVOLVED THAN COST

During this inflationary period we might be expected to base our objections to the proposed "metro" development title of this bill on the basis of budgetary considerations alone. We could point out, for instance, that nowhere in title II is there any hint whatsoever as to the cost of this new program.

Secretary Weaver suggested in his testimony that the first year cost would be about \$25 million for just a dozen metropolitan areas. He further estimated that within 5 years about 75 metropolitan areas, embracing a combined population of around 60 million, might qualify for supplemental grants under the metro title of the bill. Projecting this estimate, we therefore assume that within a relatively short time the 231 officially designated metropolitan areas throughout the country would require approximately \$500 million per year in additional Federal grants if title II were enacted. In short, it is clear that we are talking about a multi-billion-dollar program which gets its foot in the door with a purportedly small, yet open-end and unlimited authorization.

Clearly, it would be easy to make a case on budgetary impact alone. But we would rather not, for to do so would be to avoid the real issues involved in this far-reaching proposal—issues that would confront us long after budgetary considerations might fade from view.

NEW LEVEL OF GOVERNMENT

The proposed metro development title of this bill would serve to divide the country into new Federal community development districts—a new administrative or political unit that would look to the Federal Government rather than the State, cities, and other localities for guidance. Title II would place the shadow of HUD over every metropolitan area in our country. Virtually every local governmental decision of any magnitude, in areas accepting supplemental Federal aid, would be subject to review by the Secretary of HUD.

This, more than any other proposal ever to come before our committee, drastically would reshape our Federal form of government.

HASTY CONSIDERATION BY COMMITTEE

In many respects, we regret that the proposed demonstration cities program as provided in title I has so dominated the consideration of this bill. Because of this, entirely too little attention has been paid to the metro government proposal. Every Member of the House should be aware of the questions raised by the language of this title. The following will attempt to point out just a few.

Section 202(b) of the bill says:

Grants may be made under this title only for development projects in metropolitan areas for which it has been demonstrated, to the satisfaction of the Secretary, that—

(1) metropolitanwide comprehensive planning and programing provide an adequate basis for evaluating (A) the location, financing, and scheduling of individual public facility projects (including, but not limited to, sewer, water, and sewage treatment facilities; highway, mass transit, airport, and other transportation facilities; and recreation and other open-space areas) *whether or not federally assisted* [italic supplied]; and (B) other proposed land development or uses, which projects or uses, because of their size, density, type, or location, have public metropolitanwide or interjurisdictional significance;

(2) adequate metropolitanwide institutional or other arrangements exist for coordinating, on the basis of such metropolitanwide comprehensive planning and programing, local public policies and activities affecting the development of the area; and

(3) public facility projects and other land development or uses which have a major impact on the development of the area are, in fact, being carried out in accord with such metropolitanwide comprehensive planning and programing.

SATISFACTION GUARANTEED

Accordingly, before approving "incentive grants" the Secretary must be satisfied that the metropolitan planning affecting the applicant State and local public body or agency evaluate the location, financing, and scheduling of individual public facility projects, *whether or not such projects are federally assisted*. Consequently, Secretary Weaver and his successors would have substantial control over local metropolitanwide location, financing, and scheduling of any public facility projects that have areawide impact.

Which projects would have areawide impact? We don't know. The bill makes no attempt to tell us. They could include highway projects, mass transit, sewage, water, and other large-scale Federal-aid projects. On the other hand, the Secretary could impose his judgment over the location, scheduling, and financing of local parking facilities, traffic control equipment, municipal buildings, recreation parks, and even local public school facilities.

It could be contended by the Department of HUD that virtually any one of these types of locally financed projects could have metropolitanwide impact. Indeed, the language of the bill itself in section

202(b)(1) suggests that they would be included in the Secretary's consideration of additional Federal aid incentive grants.

Furthermore, according to the language of the bill, it is difficult to conceive of any type of local project that would not have to meet with the Secretary's "satisfaction" for metropolitan planning prior to receiving additional Federal grants. According to the bill "other proposed land development or uses, which projects or uses, because of their size, density, type, or location, have public metropolitanwide or interjurisdictional significance," would have to meet the criteria established by the Secretary. If this language doesn't embrace practically every normal function of local government, we don't know what does.

During the hearings, the Secretary of HUD denied that title II of the bill is aimed at creating metro governments throughout our country. Yet, contrary to his testimony, the bill would encourage through incentive grants "metropolitanwide, institutional, or other arrangements" for "coordinating, on the basis of such metropolitanwide comprehensive planning and programing, local public policies and activities affecting the development of the area." If this isn't the clearest definition of what constitutes the ultimate in metro government, we wish the Secretary would tell us what is.

LET THE PEOPLE DECIDE

This brings us to an important point, and one upon which our opposition hinges. We are not at this point in a position to cast a final judgment as to the need for creation of metro governments to solve our growing urban problems. Under our Constitution, it seems to us this is something that should be decided by the people within those metropolitan jurisdictions. We all know that there have been hundreds of local referenda on the metro question. As a matter of fact, this happens to be one of the most controversial local issues to have come to the surface in decades. In only a few instances have the people voted to embrace this concept of government—and then on only a limited scale.

As controversial as metro already is at the local level, we feel that it would be far more so if those who support metropolitan planning and/or government were also asked if they would further support the metro concept under the direction and supervision of the Federal Government. That the Federal Government and specifically the Department of HUD would dominate any such new governmental relationship is made clear by the language of the bill. Section 202(c) states:

Where the applicant for a grant under this title is a county, municipality, or other general-purpose unit of local government, it must demonstrate, to the satisfaction of the Secretary, that taking into consideration the scope of its authority and responsibilities it is adequately assuring that public facility projects and other land development or uses of public metropolitanwide or interjurisdictional significance are being, and will be, carried out in accord with metropolitan planning and programing meeting the requirements of subsection (b). In making this determination the Secretary shall

give special consideration to whether the applicant is effectively assisting in, and conforming to, metropolitan planning and programing through (A) the location and scheduling of public facility projects, whether or not federally assisted; and (B) the establishment and consistent administration of zoning codes, subdivision regulations, and similar land-use and density controls.

THE FEDERAL ZONING BOARD

We think it is particularly interesting that the Secretary "shall give special consideration" to those applicants for additional Federal grants who effectively are assisting in and conforming to metropolitan planning and programing through "the establishment and consistent administration of zoning codes, subdivision regulations, and similar land-use and density controls."

In his "special consideration," how far could the Secretary's powers go?

What constitutes "consistent administration" of zoning codes? Consistent with what?

Does this mean that the Secretary would only grant incentive Federal aid to those communities whose zoning codes, subdivision regulations, and similar land-use and density controls are administered locally in a manner consistent with the views of Federal planning officials? We think the question answers itself. In this particular case, the language of the bill is entirely too explicit in its intent.

If the Congress decides to grant to the Secretary of HUD the power to determine the disposition of additional billions of Federal aid on the basis of whether or not applicant communities are administering their zoning codes in a manner consistent with Federal planning, then Federal-Metro government will be a reality.

Those who fear the concept of metro government because of "downtown" dominance will wake up and find that their fears were misplaced. Under the Federal-Metro concept, all true power will reside not with the city, but with the Secretary of HUD.

COME UP AND SEE ME SOMETIME

In answer to a question from Congressman Widnall during the hearings as to the degree of Federal-Metro government suggested by the language of the bill, Secretary Weaver said:

This is a supplemental grant given to those who voluntarily decide that they want to cooperate in order to get a metropolitanwide approach. If they do not want it, they certainly do not have to do it, and many of them will not do it.

What the Secretary was referring to was the old tried and true carrot-and-stick approach of sections 203, 204, and 205. In an effort to achieve the goals of so-called metropolitanwide planning under the guidance of the Federal Government, communities would be given an opportunity to receive an extra dividend of 20 percent of cost of a project, providing they meet the conditions set forth in the bill.

These extra dividends in Federal aid were carefully chosen for their far-reaching impact on basic water and sewage facility programs; the Federal Water Pollution Control Act; Federal Airport

Act grants; urban mass transit grants; land and water conservation fund grants; primary, secondary, and urban extension Federal-aid highway grants, as well as the Public Works and Economic Development Act grants. Most of these programs currently are on a 50-50 matching basis. To the communities that agreed to enter into metropolitanwide planning and that satisfied the requirements imposed by the Secretary of HUD, these 50-50 funds would be increased by at least 20 percent, up to a maximum of 80 percent Federal aid.

FEALTY OVER NEEDS

We particularly object to the fact that these added incentives for areawide planning would in no way be based upon the needs of the communities in relation to the needs of others. Where metropolitan areawide planning already is in a relatively advanced stage for one reason or another, the rewards could be substantial. On the other hand, the areas of most critical need might very well be the last to receive these additional Federal grants-in-aid.

To cite just one Federal-aid program that drastically would be affected by title II, we need only look at the so-called ABC Federal-aid highway program. Over a period of more than 10 years, the Committees on Public Works and Ways and Means have developed a formula for financing this multi-billion-dollar program. The 50-percent Federal share comes from the highway trust fund entirely out of user tax receipts. The Congress has for many years rejected the idea of non-highway-user payments for highway-user needs. Yet, in this bill, we completely would destroy the delicate balance that has been achieved between highway-user and non-highway-user groups.

We would for the first time destroy the concept of the highway-user trust fund which has served us so well since 1956. Moreover, your committee has done so without any consultation whatsoever with the two committees which have handled this program since its inception. This same criticism equally would apply to the other Federal-aid programs mentioned above.

It would be a mistake for the Congress on such a broad scale to abandon the concept of Federal aid based upon local needs, and replace it with a system of grants in aid based on fealty.

One final point on the language of the bill. The bill doesn't even tell us which areas would be eligible. Neither the language of the bill nor the legislative history of the measure give any indication as to what the Secretary should or would consider "appropriate" as a "modification" or an "extension" of standard metropolitan areas as we know them. Section 205(3) defines an eligible metropolitan area as being a "standard metropolitan statistical area as established by the Bureau of the Budget, subject however to modifications and extensions as the Secretary may determine to be appropriate."

Presumably, through the grant of additional Federal funds he could urge the creation of a metropolitan area extending from Boston to Richmond, holding out as an inducement 70- to 80-percent Federal aid as opposed to the traditional 50-percent Federal contribution for an imposing array of huge Federal grant-in-aid programs. The urge for creation of such a new metropolitan area by Federal planners would be irresistible. But we are confident the people residing in this rapidly growing area would not want to have the Federal Government deter-

mine for them such purely local matters as zoning, subdivision regulations, and similar land-use and density controls.

REASONABLE SOLUTION

At the outset, we said that we agreed with the basic findings and purposes and the need for additional metropolitan planning. S. 561, passed unanimously last year by the Senate and currently before the House Committee on Government Operations, addresses itself to the need for comprehensive planning of land use for resident, commercial, industrial, and other purposes and other facets of urban development. Under that bill, areawide metropolitan or regional planning would be required as a prerequisite for a broad range of Federal grant-in-aid projects. The difference is that S. 561 would require this comprehensive planning as a condition for grants as presently constituted. Moreover, it would rely on commonsense and good will to persuade local governing bodies to accept planning decisions; it would not be mandatory. H.R. 15890, on the other hand, would require areawide planning as a condition of increasing the Federal share without regard to needs, and local governing bodies would have to accept the planning decisions.

Earlier this year, in his budget message, the President asked that the Congress speedily enact S. 561. We heartily concur. Passage of S. 561 would encourage comprehensive metropolitanwide area planning at the local and State levels—precisely where such plans should originate. Title II of H.R. 15890, on the other hand, makes clear that such metropolitanwide plans would be under the thumb of the Secretary of HUD, leading inevitably to the creation of Federal-Metro government throughout our Nation.

Furthermore, we note that urban planning grants under section 701 of the Housing Act of 1954, involving \$31.1 million, have been approved for 408 metropolitan and regional areas as well as 88 projects involving \$12.3 million for statewide agencies. Secretary Weaver's testimony did not give a report on the results of these. Before approving an entirely new metropolitan planning grant program to be superimposed over the existing one, the Congress should first evaluate past experience under the existing program.

DON'T CALL US; WE'LL CALL YOU

Title III (coordination of Federal activities in metropolitan development) goes hand in hand with title II. The language of this title would insure that the Secretary of HUD would be authorized to—

call upon other Federal agencies to supply such statistical data, program reports, and other materials as he deems necessary to discharge his responsibilities for metropolitan development * * *.

It further asks that—

all Federal agencies which are engaged in administering programs related to metropolitan development, or which otherwise perform functions relating thereto, shall cooperate with the Secretary in carrying out his duties and responsibilities for metropolitan development.

Title III further authorizes the Secretary to appoint "metropolitan expeditors" for each metropolitan area which he finds needs and desires it. The metropolitan expeditor would—

provide information, data, and assistance to local authorities and private individuals and entities within the metropolitan area, and to all relevant Federal departments and agencies, with respect to all programs and activities conducted within such metropolitan area by the Department of Housing and Urban Development, and with respect to other public and private activities and needs within such metropolitan area which relate to the programs and activities of the Department.

The language of this title makes clear the effort by the Department of HUD to take unto itself vast administrative control of virtually every other department and agency of the Federal Government. The Secretary is authorized to request all manner of information from other departments and agencies, and all of these agencies and departments would be required to "cooperate with the Secretary in carrying out *his* duties and responsibilities for metropolitan development."

With the power to increase substantially the Federal share of already multibillion dollar Federal-aid grants to States and localities for highways, water pollution, sewage, airport, and recreation programs, we can only imagine the powers implicit in title III. Furthermore, the bureaucratic jurisdictional disputes that likely would arise would be mammoth.

We realize that the growth of several Federal-aid programs has brought with it a degree of Federal control. Many of us have already expressed varying degrees of displeasure with some of these controls. However, when a community seeks out the Federal Government to pay 50 percent or more of the cost of a local project, it must expect at least some direction from Washington. But to draw together a vast collection of these Federal-aid programs and place over them a second layer of Federal control over purely local matters such as zoning and subdivision regulations would far exceed the proper role of the Federal Government in our society.

YOU CAN FIGHT CITY HALL

To whom would the people turn to exert their proper voice in local and even metropolitan government?

To whom would they protest a zoning decision or the location of a Federal-aid highway? To an appointed metropolitan counsel? To the Federal metropolitan expeditor? To the Secretary of HUD?

Certainly not to their local town council or to their mayor—or their Representative in Congress.

We will not assert our displeasure with titles II and III with the hackneyed warning that these are powers that might be entrusted to Secretary Weaver, but not to his future successors in office. On the contrary, we will be bold enough to say that they should not be entrusted to *any* Secretary of HUD, including the incumbent.

After several months' consideration, the Subcommittee on Housing in its wisdom at one point had decided to delete titles II and III from the housing bill. Unfortunately, various pressures were exerted by the Department of Housing and Urban Development and these and

other sections of the bill were restored and reported favorably by your committee.

We urge the House to strike titles II and III in their entirety. To do otherwise would be to impose a broad new form of government upon millions of Americans who, we are certain, would overwhelmingly reject Federal-metro government.

BANKER'S BONZANA

Tucked away in title VIII, the "Miscellaneous" title of the bill, is a provision in section 805 which would put the Federal National Mortgage Association in the lending business. At present, FNMA's operations are confined to providing a secondary market for FHA- and VA-insured mortgages.

Under this new provision, FNMA could participate up to 95 percent in making construction loans for cooperative housing under FHA section 213, or housing for moderate income and displaced families under FHA section 221(d)(3) in cases in which FNMA has issued a commitment to purchase the mortgage upon completion of construction.

In construction lending on FHA-insured advances, a banker or other lender engaging in such financing usually obtains a 5½-percent interest return on funds advanced, and charges servicing and processing fees amounting to 1½ percent of the total amount of the funds advanced. The loans are made for a period of 6 to 18 months depending upon the nature of the project.

The maximum mortgage amount under FHA section 213 is \$25 million, and under FHA section 221(d)(3) the maximum is \$12.5 million. Assuming the maximum mortgage amount of \$25 million and a 1½-percent servicing fee, this means that a construction lender could put up \$1,250,000, obtain \$23,750,000 from FNMA and collect a servicing fee of \$375,000 on the \$25 million construction loan. To this would be added the \$34,375 of interest he would collect on the \$1,250,000 of his own funds that he had advanced in the transaction over a 1-year period. The \$409,375 return on a \$1,250,000 investment is indeed an outrageous bonzana for a banker or other construction lender.

This is carrying the high interest policies of this administration too far. The provision should be stricken from the bill and FNMA confined to its established secondary mortgage market operations.

WILLIAM B. WIDNALL.

PAUL A. FINO.

FLORENCE P. DWYER.

BILL BROCK.

BURT L. TALCOTT.

DEL CLAWSON.

ALBERT JOHNSON.

J. WILLIAM STANTON.

SUPPLEMENTAL VIEWS OF CONGRESSMAN WILLIAM B. WIDNALL

We are told that the proposed Demonstration Cities Act would help the poor and disadvantaged in our restless cities. For the past 17 years we have been told that slum clearance and urban renewal would do likewise. Now we are told, by Secretary Weaver himself, that urban renewal has never lived up to its promise. And yet, instead of improving upon the multibillion-dollar program already in existence—urban renewal—and regearing it to meet the true housing needs of our urban populations, we are handed still another huge program.

My efforts over the past several years to change this deplorable situation with respect to the urban renewal program have more often than not been met with the statement by HUD that urban renewal cannot be tampered with for fear of losing flexibility. Flexibility for what? Do they mean the kind of flexibility that has constructed luxury high rise apartments and promoted commercial downtown renewal at the expense of the low- and moderate-income citizens left behind in the ghettos? Do they mean the kind of flexibility that has fostered the explosive situations in city after city that we face this summer?

We are told that, whatever the problems of urban renewal in the past, since 1961 residential renewal has been emphasized. Yet a Library of Congress study using HUD data shows that the following major cities have had the following high percentages of funds approved for nonresidential, commercial projects in the last 5 years: Atlanta, 97 percent; Baltimore, 77 percent; Boston, 62 percent; Chicago, 60 percent; Cleveland, 49 percent; New York, 56 percent; Philadelphia, 75 percent.

Speaking for myself, my patience with the present trends in urban renewal has about come to an end. If a city qualifies for demonstration city assistance, then why should it be permitted to continue at the same time with residential urban renewal projects completely inconsistent with the goals set forth for the new program? And why should only demonstration projects in demonstration cities be required to produce "a substantial increase in the supply of standard housing of low and moderate cost and result in marked progress in serving the poor and disadvantaged people living in slum and blighted areas"? Do we need a 6-year demonstration program to prove that in both the few demonstration cities and the thousand other urban centers not so designated there is a need for improvements in the quantity and quality of housing in low- and moderate-income residential areas?

During the executive committee session on this bill, I offered an amendment to the urban renewal laws—an amendment that in no way would have affected the demonstration cities program. Instead, it would have set a priority in the existing multibillion-dollar urban renewal program emphasizing the needs of those with low and moderate means, using the language quoted above from the demonstration cities

bill itself. It was rejected on a straight party line vote. The reason? Flexibility!

I shall offer this same amendment when the bill reaches the floor. For my part, I view the proposed Demonstration Cities Act as a unique opportunity for the Congress. It can provide a test of the sincerity of those who desire its enactment. If they want demonstration cities, then let them first put their urban renewal house in order. Let them restrict urban renewal grants to those cities who are interested in housing the poor instead of accommodating the rich. Had we kept our urban renewal program on the right track all these years, possibly millions of our citizens of all races and backgrounds would not be living in fear for their very lives and properties this summer.

WILLIAM B. WIDNALL.

ADDITIONAL VIEWS OF CONGRESSMAN PAUL A. FINO

I concur with the minority views opposing this bill and wish to express some additional thoughts I have against this measure.

As a Representative from a district that is, by census standards, 100-percent urban, I would like to explain the possible impact this legislation could have in my district and the city of New York if it should be chosen to participate in the demonstration cities program.

The proponents of this program say that it will help the cities of America. I disagree.

This legislation, as written, will permit and allow the Department of Housing and Urban Development to impose its own planning and social standards on the people of my district. I believe that much of urban America will be trampled on and coerced by unwanted Federal standards.

To begin with, a city, in applying for a demonstration cities grant will have to draw up a plan which must satisfy a lot of Federal criteria. The Secretary of HUD will insist that the cities of America pursue a number of new social goals.

Let me tell you what the Secretary of HUD will be considering, by law, in picking any city under this program:

(1) Whether the city plan "provides for educational and social services necessary to serve the poor and disadvantaged in the area."

(2) Whether "substantive local laws, regulations or other requirements are, or can be expected to be, consistent with the objectives of the program."

(3) Whether the city plan will "counteract the segregation of housing by race or income."

If a city's plan does not meet these criteria, then it cannot become a demonstration city. A city which is not a demonstration city (and only 50 cities are to be chosen) will not get a nickel from the Federal Government because the Federal agencies are already making plans to spend their grant money only in those cities (demonstration cities) where Federal dollars will buy Federal control. So the Federal Government, if this bill is passed, will have an extremely powerful weapon to force the cities of America to adopt programs embodying the social criteria set forth above. By passing a bill like this, Congress would be putting an economic pistol to the heads of our cities—in support of social coercion.

I think the above criteria are worth spending a minute of careful analysis on: Take No. 1 first. It requires that the program "provide for educational * * * services necessary to serve the poor and disadvantaged in the area." Evidently "poor" and "disadvantaged" are not necessarily the same group. When someone talks about "educational services" for the "disadvantaged", it brings to my mind "busing", "pairing" and redrawing school district lines to achieve artificial integration. There is no doubt that the Federal Government can and

will insist on schemes for "busing" and "pairing" and the like as a prerequisite to making a demonstration cities grant to a city.

U.S. Education Commissioner Howe on June 18 stated that the Federal Government will insist that localities must adopt such schemes, and the HEW Department recently established a section on de facto segregation. I think it is unfortunate that the demonstration cities program should have been chosen as the vehicle of the Federal effort to push bussing, pairing, and school district redrawing schemes. Congress has already spoken in opposition to these schemes, and the U.S. Supreme Court, in refusing to review the *Gary* case, has said that localities are under no constitutional obligation to juggle school districts or pupils. America's cities do not want demonstration bussing or demonstration school pairing bills.

Obviously the Federal Government can insist on any number of social schemes under the language of the demonstration cities criteria. For example, demonstration cities grants might be conditioned on accepting a Job Corps center full of knife-wielding delinquents. Perhaps a demonstration city might be told that any plan it wanted to submit would have to include submission to a whole new host of OEO programs.

Maybe the Federal Government will decide it doesn't like a local law requiring that welfare applicants must have their eligibility corroborated. As I noted above, the Federal Government can check to see if local laws or regulations are, or can be expected to be, consistent with the objectives of the program. This is a demonstration cities criterion. No doubt the Government could tell city officials that their application would have to await revision of a local regulation or law, or at least promise such revision. This demonstration cities criterion is an intolerable interference with local self-government. That is just what the administration has in mind.

Then there is the requirement that a city plan work for economic and racial integration. By this test, the Federal Government can insist that a city embark on a certain amount of rent supplement housing or build a certain amount of public housing in one-family home residential areas. Since the program also must "encourage good community relations" perhaps a city could be required to hire minority group high school dropouts for the police force like New York City is doing under a labor department grant.

The demonstration cities bill is an ill-considered bill. The committee had pretty much agreed to toss out the program because of its poor structuring when the administration intervened with its usual closed mind and open bayonet. The legislative language under which the above social programs can be forced on America's cities is not something our committee really ought to be blamed for. I urge the defeat of the demonstration cities section of the omnibus bill.

Turning to the metropolitan planning section of the bill, I submit that this is just as far reaching, and aims at Federal control of suburban land use and zoning patterns. Again, souped-up Federal aid is the carrot being offered to induce this municipal abdication. This, too, ought to be stricken from the bill.

I believe we should look askance on this program for still another reason. Is this a year to be making grandiose budgetary commitments for open-ended schemes? It seems to me that we ought to hold off until we have a good idea of the intensity and duration of the

Vietnam war. It is impossible to tell just what this administration has in mind either for our cities or for Vietnam, but I don't believe we can bite off an open-ended multibillion-dollar commitment in the cities until we have successfully delineated our Vietnamese commitment.

To those who say that the programs proposed would involve only a few million in fiscal 1967, I say what about fiscal 1968? Is there any good news emanating from Vietnam which justifies optimism that we will be out of there by fiscal 1968—or even on the way?

This administration has chestnuts to pull out of the fire before it can go soaring after pie in the sky. The program proposed in this bill could feed billions into New York City alone without approaching the total impact desired by the criteria set forth. It is not a cheap program. It is a very costly multibillion-dollar program. It would not be worth its cost, as presently drawn up, even in the best of years. In its present raw and menacing form, set against the budget backdrop of the dollar-eating quagmire of Vietnam, it is not even worth considering.

PAUL A. FINO.

ADDITIONAL VIEWS OF REPRESENTATIVE FLORENCE P. DWYER

The myriad weaknesses of the committee-reported bill are comprehensively discussed in the minority views, with which I concur.

What is so objectionable about the administration proposals, especially in title I and title II, it seems to me, is the fact that while they recognize the real need to mobilize all available assistance to help central cities restore new life and hope to their blighted neighborhoods (title I) and to encourage more effective areawide planning and intergovernmental cooperation to deal with the common needs and problems of metropolitan areas (title II), they seek to exploit the increasing awareness of these needs to enact a program based on inadequate planning, devoid of effective standards, and designed to expand enormously the powers of the Secretary of Housing and Urban Development.

This is the kind of hastily drawn legislation to which the Senate majority leader was obviously referring when he said, at the close of the first session of this Congress, that the second session would have to devote much of its time to correcting the inadequacies of legislation passed last year.

It is a truism to say that if the job of helping cities and metropolitan areas solve their problems is worth doing—and I believe it urgently needs doing—then it is worth doing well. But this is a truism that seems to have escaped the administration in its single-minded rush to get something on the statute books.

The concept of the demonstration cities program, for instance, is a most attractive and promising one. If the program could be revised to eliminate its objectionable features and if this avowedly experimental program could be limited to a half dozen qualifying cities, then I would support it.

Similarly, the excesses of the metropolitan development program—which relies on supplemental grants to persuade metropolitan areas and their constituent jurisdictions to accept as mandatory the planning decisions made by an independent, nonelected planning agency—should be rejected in favor of the more rational and acceptable provisions of the Intergovernmental Cooperation Act, of which I am a cosponsor, which is now pending before the House Committee on Government Operations following unanimous approval of a companion bill by the Senate.

In both cases, the administration seems to be asking Congress to authorize the Department of Housing and Urban Development to spend an undetermined number of billions of dollars for the purpose of permitting the Secretary to control the planning and development of those cities and metropolitan areas which want the money. I believe there are better ways of achieving our desired objectives.

In any program for rebuilding the urban areas of the country, the urban renewal program will play a central role. Yet, there is probably more popular antagonism toward this program today than ever

before—the result, in part, both of misunderstanding about the nature and operation of the program and of dissatisfaction with specific projects which were improperly designed and poorly administered.

In order to help restore public confidence in the urban renewal program, I offered an amendment to the pending bill during subcommittee and full committee consideration which would require the holding of a public referendum on proposed urban renewal projects in communities with populations of 150,000 or less. Although this amendment was rejected, as similar amendments which I offered to housing bills in 2 prior years were also rejected, I believe there is growing recognition among Members that a referendum requirement could stimulate better performance, and so I intend to offer the amendment when the bill comes to the House floor.

This is not an anti-urban-renewal amendment. I have supported urban renewal legislation throughout my service in Congress, and I believe that, wisely administered, the program can make increased contributions toward the rehabilitation of urban communities.

All too often, however, the people of a community have been the missing ingredient in urban renewal. The people have a right to know and to participate in making the community's decision about urban renewal, and urban renewal needs the enlightened understanding of the community. Urban renewal is a unique program in that it uses public funds and the power of eminent domain with which to force private owners to sell their property for resale to other private owners. This fact, plus the communitywide impact of urban renewal projects, especially in smaller communities, requires the involvement of the people in the process of rebuilding their own cities—an objective recognized as fundamental in urban redevelopment legislation.

Yet, in community after community, local development agencies positively discourage citizen interest and participation and function in ways more appropriate to boards of directors of private corporations, thereby inviting some of the public opposition they have encountered.

By giving the people the right to make the decision on an urban renewal project, yes or no, the referendum I propose would (a) provide the means and the incentive for the people to involve themselves in and inform themselves about the community's redevelopment plans, and (b) motivate the planners to take the people into their confidence, to provide meaningful information, and to do as careful and effective a job as possible of advance planning of the project in anticipation of the referendum. This kind of care, and planning, and the knowledge that an unhappy people can kill the project can make the difference between good urban renewal and bad.

To many who have experienced it, urban renewal has not been an unmixed blessing. And the lower down the income scale these people have been, the more they have been hurt. The low-income worker, the struggling small businessman, the family on relief—all have been badly hurt, especially in attempting to relocate their homes and businesses, when individual urban renewal projects were deficient in planning or implementation. The record is discouragingly full of documented reports of hardship, dislocation, disruption, higher rents, vacant land, Negro removal, new slums, the unnecessary destruction of viable neighborhoods and a host of other ills resulting directly from badly planned and mishandled projects.

Smaller communities have been especially vulnerable to such unfortunate experiences with urban renewal due in part to the lack of adequately trained and experienced professional staff and to their relatively poor bargaining position vis-a-vis potential commercial developers. Moreover, in communities with populations of 150,000 or less, a single urban renewal project has a much more direct and immediate impact on the community as a whole than similar projects have in larger cities. For these reasons, plus the prohibitive cost of repeated referendums in larger cities having active urban renewal programs involving many individual projects, I have limited my amendment to smaller communities.

To my knowledge, only two significant objections have been raised to the referendum requirement: First, the theoretical one that a referendum interferes with the concept of representative government in which elected local officials have the responsibility of making urban renewal decisions, and second, the practical one that most communities would defeat urban renewal referenda.

Neither objection is convincing, in my judgment. The country has a long history of submitting public questions to a referendum, including such issues as State constitutional amendments, local school budgets, bond issues, etc., as well as urban renewal in certain States and localities. No discernible damage to the principle of representative government has resulted. Nor, judging from the record during the past 3 years of urban renewal, bond issue and related questions submitted to local referendums, do communities invariably reject such referendums. Of 60 such referendums, 30 have received majorities and 30 have been defeated.

It is a question of trusting the people. As they do in other elections, people tend to vote on the merits of a referendum issue as they see them. I am confident that, given a sound urban renewal plan and the expectation of a competent job of administration, the people will vote accordingly.

In view of the fact that the present bill includes an authorization of \$600 million for urban renewal, over and above existing authorizations, this is an appropriate opportunity to strengthen the urban renewal program by giving the people the right to participate in decisions that have such a fundamental impact on the future of their communities.

FLORENCE P. DWYER.

SEPARATE VIEWS OF REPRESENTATIVE SEYMOUR HALPERN ON H.R. 15890

I, too, am deeply concerned with some of the broad descriptions and language embodied within certain sections of H.R. 15890. I assure my colleagues that I am also wary of imprecise wording which may lead to misinterpretation of any bill.

However, the seriousness of the problems to which the creative concept of demonstration cities addresses itself calls for the massive programs outlined in the bill. Such programs are necessarily broad in scope and, at first, general in description.

The machinery involved in the intergovernmental administration of urban aid projects might, indeed, be more specifically explained so that costs and initial confusion can be kept to a minimum.

While I do have reservations, I believe the demonstration cities program is desperately needed to spur rehabilitation of blighted areas of our cities. The problems of urban areas are enormous; it is estimated that New York City alone will need three demonstration projects to help cure its urban ills. The special needs of our cities—in which, it is estimated, three-fourths of us will live by 1970—call for the physical and social reform provided through the demonstration cities program. The problems are urgent; the program should begin immediately.

Certainly, broad powers and programs will need to be adequately monitored. I can assure Congress that I will be among the first to closely watch and attempt to control proposed appropriations under this crucial authorization.

It is doubtful, in my mind, whether Federal officials will seek to impose limited financial appropriations and programs on areas not seeking such help, when many other cities are, at the same time, asking for such aid. The local voice, I am certain, will be heard and heeded.

I believe that consultation between Federal agencies involved in urban development programs, provided for in the bill, will concentrate resources and bring about more immediate, more effective, and more efficient urban improvement than under presently disjointed programs. Moreover, the demonstration cities program supplements such programs; it does not detract from their goals.

The metropolitan planning title will serve to decentralize and speed administration of federally aided urban projects. Coordinators will be appointed to only those local areas which ask for them.

I am particularly pleased with two sections of the bill. Section 811(2)(b) would appropriate \$100,000 for study of possible relief of homeowners who live near airports. This section would try to discover what ought to be done about the claims of homeowners concerning problems of noise and nuisance associated with residential areas near airports. Study of this problem is long overdue.

The committee has also wisely included several amendments I proposed which perfect the administration of cooperative housing insurance payment programs. I trust they will receive the wholehearted support of Congress, in keeping with the widespread endorsement they already have earned. Approval of the amendments would be a congressional vote of confidence in this commendable segment of American middle-income housing.

SEYMOUR HALPERN.

ADDITIONAL VIEWS OF REPRESENTATIVE BILL BROCK

The minority has stated a factual case in opposition to this legislation, and I concur. However, I feel that additional attention should be directed to the section relating to "Demonstration Cities."

Federal specific grant programs have in many instances aroused my opposition in the past either because I felt they were unwarranted, wasteful, incompetently drawn, debilitated local responsibility through excessive controls, or resulted in an unwise reallocation of funds to projects with less than top priority.

Even so, never did I imagine this Government would have to resort to the device of subsidizing people to take a subsidy as this section does. The tactic is inconceivable, the method of implementation is incredible.

Should a particular subsidy be insufficient, it is hypocritical to hide an additional increase in this bill rather than amend the basic program. Should these subsidies not be insufficient, then it becomes patently clear that the motivation of this bill is founded upon a basic lack of faith in local government and represents solely a stronger device to control it.

Regardless of this, it is politically easy for an individual Member to say a particular bill will relieve problems in his area and ignore its long-range implications. We must not take this easy way on the "Demonstration Cities" title.

Thus, knowing the normal tendency of Members to depend upon their colleagues on the committee in complicated legislation, may I simply urge you in at least this one instance to take 5 or 10 minutes from an obviously overworked schedule and read the first 15 pages of H.R. 15890.

When the bill says that "the Congress further finds and declares that cities, both large and small, do not have adequate resources to deal effectively with the critical problems facing them," pause for a quiet moment and ask yourself "why"? Do you honestly believe that all local and State officials of these United States are either inefficient, incompetent, or corrupt? Do you honestly believe that they don't care, that they are not doing the best possible job with the resources available for the people in their area? Is it not true that sooner or later in our American political system those who might fall into the above categories will ultimately be found out by the people and fired for their failure?

If this be so, then is it not possible that our local communities are in troubled waters because we in Washington have preempted their tax base, have vitiated their ability to respond to the needs of their own people? Can we honestly say that subsidizing subsidies in order to impose even more control and assume even more local responsibilities reflects a sincere effort on the part of this Congress to redress these problems? When are we going to face up to the basic issue—that of

expanding the tax base so that public servants in the courthouse can really serve the public.

When the bill says it is "the purpose of this title to provide the additional financial aid needed to enable cities to participate more effectively in existing Federal assistance programs," would not it be the essence of responsible self-evaluation to ask ourselves, "Where have we failed?" If after decades of massive Federal specific grant programs we come finally to the conclusion that our cities cannot effectively utilize many of these programs, is it not time to pause and reevaluate our past efforts?

When the bill takes four pages just to list those areas in which national controls and standards must be substituted for local judgment and initiative, doesn't this ring a small bell? If our local communities are unable or unwilling to establish reasonable criteria, as this language implies, then perhaps we had best reexamine the root structure of America. This Nation can be no stronger than each citizen's "hometown." If we doubt their responsiveness, and I do not, then we must also pause briefly to wonder "Where lies the future of our Federal system?" Certainly it is also fair to ask whether Federal assumption of local responsibility is part of the solution or part of the problem.

Sooner or later we must face up to the question of the viability of our system in modern America. This is the most basic problem of all, and I, for one, am not afraid to seek the answer. We, in this Nation must continuously address ourselves to the overall political complex of interrelated and interdependent, city, county, State, and Federal Governments. If we will appraise our current effectiveness, and based upon this appraisal make a decision as to future governmental composition, then I don't fear those solutions which may be forthcoming.

But let us not in the name of political expediency or financial crisis direct our attention to the symptoms only. If we, in our haste to act, destroy the existing structure without giving sufficient thoughts, and taking sufficient steps, to replace it—then we will have failed those who will direct the Nation tomorrow.

Yes, we are politicians, but as successful politicians, we have accepted a responsibility. It is time we had the integrity to stand or fall based upon how well we meet this responsibility. Should our job become more important to us than the institution we call America, then we will cease to earn the title of a great, or even a free, society.

I don't ask you to defeat this bill and then forget the problem. It should be defeated, but only with eyes open and minds excited over the challenge our action affords. I ask you to seize upon a unique opportunity to focus the enormous intellectual talents of this Congress and this Nation upon the total Federal system, its tax base and its makeup, its strengths, and its weaknesses, fully aware of the impact its formulation will have on the future of freedom.

BILL BROCK.

INDIVIDUAL VIEWS OF CONGRESSMAN BURT L. TALCOTT

I generally concur with the minority views and the additional views of Representative Florence P. Dwyer relating to the proposal to require a referendum in the urban renewal approval procedure.

Much more should be said, but time does not permit.

The Congress, all local and State officials, and all citizens of the United States should be forewarned of the proposal for "New Communities"—title IV of this bill. It could be the most devastating encroachment by the Federal central bureaucracy upon the functions of local government, private enterprise, and individual freedom yet concocted by the Federal planners.

"FEDERAL SUBURBS" AND GOVERNMENT TOWNS"

"Satisfactory to the *Secretary*," "as the *Secretary* deems reasonable," "if the *Secretary* determines," "approved by the *Secretary*," "regulated in a manner acceptable to *him*," "which *he* finds consistent," "meeting criteria established by the *Secretary*," "the *Secretary* shall adopt such requirements as *he* deems necessary."

What is a "new town," or a "new community," as the Department calls it?

There is no adequate definition except as may exist in the Department's mind. If this legislation is enacted into law, new communities will be whatever the Secretary of HUD says they will be. In proof of this is the language of the proposed departmental legislation: "satisfactory to the Secretary," "as the Secretary deems reasonable," "if the Secretary determines," "approved by the Secretary," "regulated in a manner acceptable to *him*," "which *he* finds consistent," "meeting criteria established by the Secretary," "the Secretary shall adopt such requirements as *he* deems necessary," etc. The phraseology is repetitious.

This proposed legislation is something that the Congress has not been willing to consider despite three prior recommendations by the Department. It does provide a considerable subsidy for selected large entrepreneurs, an ill-concealed "bailout" operation for a favored few, but that is not legislation in the public interest. The ideas on which the new town legislative proposals are based are yet to be proven and the new town experiments to date have been well characterized as "oversized subdivisions with oversized problems."

The "new towns" as proposed and as they presently exist are also not a lesson in democracy. The kindest definition of them from a political standpoint is that they are "benevolent dictatorships," so run by their developers in a mixture of self-preservation and self-interest. The Department is proposing, possibly unthinkingly, that the title of dictator rests better with the Secretary than with the developers. This gives believers in our present political system a poor choice from which to make a bad decision.

All of the "new towns" currently in existence are fighting desperately to establish an economic base. They need it to breathe life into their moribund communities which have learned that they cannot exist on dreams alone and must have dollars to go with those dreams and dollars in large figures. Consequently, most of the "new towns" developers are at Washington's door, hat in hand, looking for some form of Government subsidy. Preferably, this subsidy should adopt the disguise which would have the Government establish one of its multipurpose bureaus within the new town's city limits. This, of course, would just increase the further unnecessary investment of public funds, but no one other than the Federal Government seems to have the large amounts of money that are necessary to make one of these artificial communities work.

Since considerable sums of money are necessary to make a new town go, it follows that those living there must bring it with them. So we have the paradox of the Department talking in terms of building low- and moderate-income housing within the new community that desperately needs heavy taxpayments just to maintain itself. New streets, sewers, and water facilities cost money, particularly in these days of the inflated dollars, and particularly when a developer or the Government has made the arbitrary decision that a town will be built here.

Obviously, artificial communities such as are conceived under this proposed title of the bill are going to be under Government domination, direct and indirect, for a long time to come if the new towns are going to be propped up and kept going. Administrative authority is going to be the guiding principle and for the first time we are going to have our people told where to live and under what conditions. But there probably is no other control possible if these are going to be rubberstamped "new towns" put down wherever the Government decides it has an economic, political, or personal reason.

It may come as a shock to some, but the nearby Washington community of Belair could well have been one of the "new towns" under this legislation, its political life dictated from Washington.

At any rate, judging from the difficulties encountered by such communities to date, the risks are great and the benefits are nebulous.

But why are we building new towns? To take care of our burgeoning population?

That is the best answer to date, but not one that is satisfying to the country's mayors and councilmen, all of them in a constant struggle to *rebuild* and *maintain* their existing cities. They see, with considerable reality, "new towns" as a threat to their tax base, as an overly hungry contender for Federal funds, support, and preference.

The mayors and councilmen are struggling for industry, citizens, and a better way of life for the people within their communities. They already have the competition of the suburbs, which grew naturally. Now, they are faced with the Government rubberstamping whole new, expensive, artificial communities in their vicinity which will feed upon them, but contribute nothing to their continued existence.

The National Association of Homebuilders put it differently. They said they were against the Government destroying the system of private ownership of land.

The proposal has so much and so many against it that it is amazing to me that it could be proposed at such an unlimited and costly expense to the taxpayers. If the benefits were for the many, we could understand the Department's stand. But they are for the few. If the history of new towns was extensive and marked with success, we could understand the Department's adamant stand. But the history is a spotty one of financial failure and heavy subsidy. If the solutions to the apparent problems were at hand, we could envision some compromise. But no solutions have been sought, the proponents do not even admit of the obvious problems existing.

I do not think the Government can afford the millions that are required to be expended while the Department's thinking matures.

The so-called new towns or new communities can only sap the vitality of established towns and communities. The subsidized new towns will be parasitic—sucking revenues from other communities for artificial sustenance and making the preservation and revitalization of our established communities more difficult.

These new "government towns" or "Federal suburbs" will have all the disadvantages of old "company towns" or military posts. Those who live near a large military base can easily appreciate living on the post and having your town "regulated in a manner satisfactory to the Secretary of DOD." What difference, if any, would there be in another Federal town "regulated in a manner acceptable to the Secretary of HUD"?

The "HUD towns" would certainly sap the neighboring conventional "civilian" towns more than the present military "DOD towns."

Persons can and would prefer to build and own their own homes; citizens of a community can and would prefer to build and own their own towns.

There are many better, more effective and more practicable methods for the Federal Government to assist local governments with their chronic problems. Local officials have the talent, experience, concern, and scrutiny to solve their local problems—whether educational or purely governmental. Local municipalities lack only the funds to finance necessary projects. Local tax sources—property and sales—are overburdened and saturated. The income tax should be used for these purposes. The Federal Government has usurped the income tax source—and has the collection machinery well oiled.

The Federal Government should share income tax revenues with the individual States for education and such local governmental purposes as are proposed in this bill.

Special Federal categorical subsidies and subventions for a myriad local purposes are inequitable, extravagant, wasteful, and mediocre.

My bill, H.R. 10717, provides a Federal revenue sharing plan for educational purposes. It is the soundest proposal yet for improving our elementary and secondary education system. A similar proposal of Federal tax sharing with the States for local governmental purposes would be a better, more effective, less expensive, and more acceptable method for solving the governmental problems of our local communities.

I urge approval of an amendment to require a public referendum to approve urban renewal projects and an amendment to delete title IV proposing "government towns" and Federal cities.

BURT L. TALCOTT.

ADDITIONAL VIEWS OF REPRESENTATIVE DEL CLAWSON

In supporting the minority views in opposition to this bill, I concur particularly with those arguments which expressly reveal the wide variety of programs, the numerous Federal agencies involved and the overlapping implementation of the federally supported projects. Most significant, I feel are the statistics on the amount of money appropriated, the projects approved but not begun, the volume of authorized yet unencumbered funds. The most dramatic statistic perhaps is that used in the report which indicates that as of January 1, 1966, the figure for urban renewal funds authorized since 1949 stood at \$7.6 billion. Of this \$7.6 billion, \$5.6 billion is committed and only \$1.5 billion actually spent.

The Federal Government spreads before the cities not a buffet or banquet but a bewildering Lucullan feast of aid. But aside from the questionable proposals that build project on project and overlap program with program, where is the logic in authorizing and appropriating additional funds when billions are yet unspent and other authorized billions are yet to be committed? Why not permit a breathing spell to see what we have done and where we are going? Place the burden upon those agencies and departments involved in the numerous programs to do the job assigned to them and give an accounting of their performance before launching upon a series of new and untried programs that could very possibly result in failure for both the new and the old. It is conceivable that employees could not be hired in numbers sufficient to perform efficiently the total job that is contemplated in this bill while continuing to carry out those functions and complete the projects currently in the pipeline.

If the presently authorized billions were put to work how many employees would be added to the Federal payroll and just how adequate (with the value of the 1966 dollar) would the funds appropriated in the 1950's prove to do the job for which they were originally intended?

Unless an attempt is made to resolve some of these basic questions passage of this bill will merely supply some finishing touches to an inverse pyramid of overlapping Federal programs which must finally topple of its own weight and imbalance.

In connection with the criticisms outlined above, Members of the House might be interested in reading the following story that appeared in the Washington Daily News of June 14, 1966. Because of the current extremely tight credit market, it further fortifies my opposition to a broad new Federal spending program at this critical time.

[From the Washington Daily News, Thursday, July 14, 1966]

BANKS BACK OFF RENEWAL LOANS

(By William Steif, Scripps-Howard Staff Writer)

The U.S. Treasury has just been socked with an unexpected \$44.7 million expense because of the first refusal of private banks to finance urban renewal loans.

As a result, slum clearance in some cities may be slowed.

The cities draw on proceeds of the loans occasionally to pay for their urban renewal work.

BIDS OPENED

Bids were opened this week on \$106,445,000 worth of federally guaranteed, short-term notes. Government financial experts running the bidding were shocked to find they had sold only \$61,683,000 worth of the tax-exempt notes—and at a record high interest rate of 4.11 percent. The prior month \$102,883,000 worth of notes sold out at 3.57 percent interest.

When there are no buyers for the 6-month to 1-year notes the Treasury, by law, must step in and pay off the obligations. This never happened before in the 13 years that cities' urban renewal notes have been sold on a regular basis.

About \$1.5 billion in this type of debt is outstanding. Every month some of it is refinanced through sale of the notes.

"We have had no trouble selling them," one official said today. "The only reason for this failure is that there is absolutely no loose money around."

He said between \$100 million and \$150 million in such notes would be up for sale in August and "we could have the same experience."

Officials in the Housing and Urban Development Department conceded that when interest rates soar as high as they are today, costs of urban renewal projects rise substantially. This may cause a number of cities to defer slum clearance. The cities pay a third of the public costs of urban renewal and the United States pays two-thirds.

Delays in urban renewal eventually could balance off the current drain on the Treasury, although city renewal programs would suffer.

HUD officials said new notes will be offered for sale later this year in place of the \$44,762,000 worth of unsold notes. The plan is to shorten the terms—almost half of the unsold notes were 1-year obligations—and to break the new notes into smaller denominations, so that small local banks can bid on them. Until now, giant banks such as California's Bank of America and New York's First National City have been the chief purchasers.

DEL CLAWSON.

ADDITIONAL VIEWS OF CONGRESSMAN ALBERT W. JOHNSON

I subscribe to and have signed the minority views. In addition, I wish to comment briefly on section 404 of the bill relating to water and sewage facilities in new communities.

This section contains power-grab authority on the part of the Secretary of HUD which was considered and rejected by the Congress last year when it wrote into the law a new title X of the FHA Act providing for FHA mortgage insurance for land development.

At that time, provision was made that water and sewage facilities could be either public, or privately or cooperatively owned provided they would be adequate, and regulated in a manner acceptable to the Secretary. A requirement of the then proposed legislation that privately or cooperatively owned systems could only be utilized if there was provision for eventual public ownership and operation was deleted.

Section 404 of the bill would reverse that basic policy decision in the case of water and sewage facilities in new communities. In such new towns, the Secretary of HUD would be given authority to deny private or cooperative systems unless "he receives assurance, satisfactory to him, with respect to eventual public ownership and operation of the system * * *." Thus, although land development and new communities are found in the same title X of the FHA Act, different tests would apply to water and sewage facilities to be developed therein. This does not make sense.

When the bill is on the floor of the House, I intend to support an amendment to strike out section 404. This will allow existing law to stand so that the same tests will be applicable to water and sewage facilities whether they be in connection with land development or in connection with new communities.

ALBERT W. JOHNSON.

INDIVIDUAL VIEW OF CONGRESSMAN CHESTER L. MIZE

There is—in my opinion—enough legislation on the books at present in the fields of renewal, housing, transportation, education, economic opportunity, and related programs—to make the demonstration cities program—absolutely unnecessary.

Under the bill, the Federal Government would have to make additional billions of dollars available to help selected cities undertake rehabilitation programs in a single demonstration area in the city. In the first year a modest \$12 million is available for planning—but the bulk of the money to be provided over the next 5 years to carry out the plans would be in the billions. One of the leading members of the Housing Subcommittee—stated that it would be impossible to accurately estimate the total cost of the program.

The main thrust of the bill is to combine traditional slum clearance programs such as urban renewal with a wide variety of social welfare programs. It is just another example of piling on additional programs to existing programs to accomplish the same objectives. Why don't we stop adding new legislation in the field of housing—and urban development—and give existing legislation an opportunity to achieve their objective—before initiating additional efforts. Furthermore—with budget deficit facing us—this is the kind of thing that should be eliminated by not starting it.

CHESTER L. MIZE.

SUPPLEMENTARY VIEWS OF HON. RICHARD L. OTTINGER

I wholeheartedly approve of the approach of the demonstration cities program put forward in this bill.

The crisis of urban deterioration is enormous and pressing. It is national in scope. A new approach is desperately needed. The demonstration cities program will show whether concentration of existing Federal programs can succeed in eliminating the blight of slums from substantial areas.

I question, however, the prudence of authorizing a huge multibillion-dollar expenditure at this time of national financial strain.

We are in a period of severe inflationary danger. Prices are soaring and the pinch is being felt all around the country, especially by low- and middle-income families and by pensioners on fixed incomes. We are at war. We have been asked to approve \$17.8 billion for defense, more than \$1 billion in excess of the President's budget. The pressures for an undesirable tax increase to pay these costs mount daily.

The only way to avoid a tax increase in the face of war demands and these severe inflationary pressures is to cut nonessential Federal spending. This necessarily means foregoing some badly needed and highly desirable programs. It means that we cannot afford to authorize billions for this program at this time.

We need not make this multibillion-dollar decision now and in my opinion we should not. The demonstration city funds cannot be spent at any rate for more than a year, until after projects are formulated and planned.

I therefore suggested in committee and recommend to the House that we authorize at this time only the \$12 million requested for planning.

I recommend that we defer authorization of funds for execution until such time as the state of the economy permits.

At the present time, the bill contains a sense-of-Congress resolution that any appropriation for this program "shall take into account the budgetary situation existing at the time it is made." I don't think we should yield this vitally important decision to the Appropriations Committee. The bill contains absolutely no limit or guidelines on the amount to be authorized. I don't think the Banking and Currency Committee of the House should write a blank check. It would undermine the authorization process and concede an important power for financial restraint at a time of severe monetary crisis.

Actually, there is more than one blank check included in this bill. It is a peculiar fact that the chairman of the Housing Subcommittee, in response to a question on how much expenditure was contemplated in the 5-year authorization for this bill, replied that he did not know how much was involved.

Here is a listing of what the bill says it is authorizing:

There is a blank check authorization for the demonstration cities program in section 111(c). We are told by HUD that this will call for a \$2.3 billion expenditure.

In addition to \$600 million in section 114 for urban renewal within demonstration areas, there is a blank check in section 203(b) for metropolitan development grants for which no sum has been mentioned; \$15 million in section 402 (a) for mortgage authority and \$25 million in the first year for land acquisition under section 408, to develop new communities.

There are also new—

Increased mortgage limits for cooperative housing in sections 503 and 505;

\$20,000 of mortgage authorization for section 221 mortgages under section 506;

\$1 billion of added armed services mortgage insurance authority under section 509(a) (1);

Indeterminate subsidized mortgage insurance authority for group practice facilities in title VI;

An undetermined additional authority for rural housing in title VII;

A blank check for technical research advances in section 809(d);

\$100,000 for studies concerning relief of homeowners in proximity to airports in section 811(2) (b), and

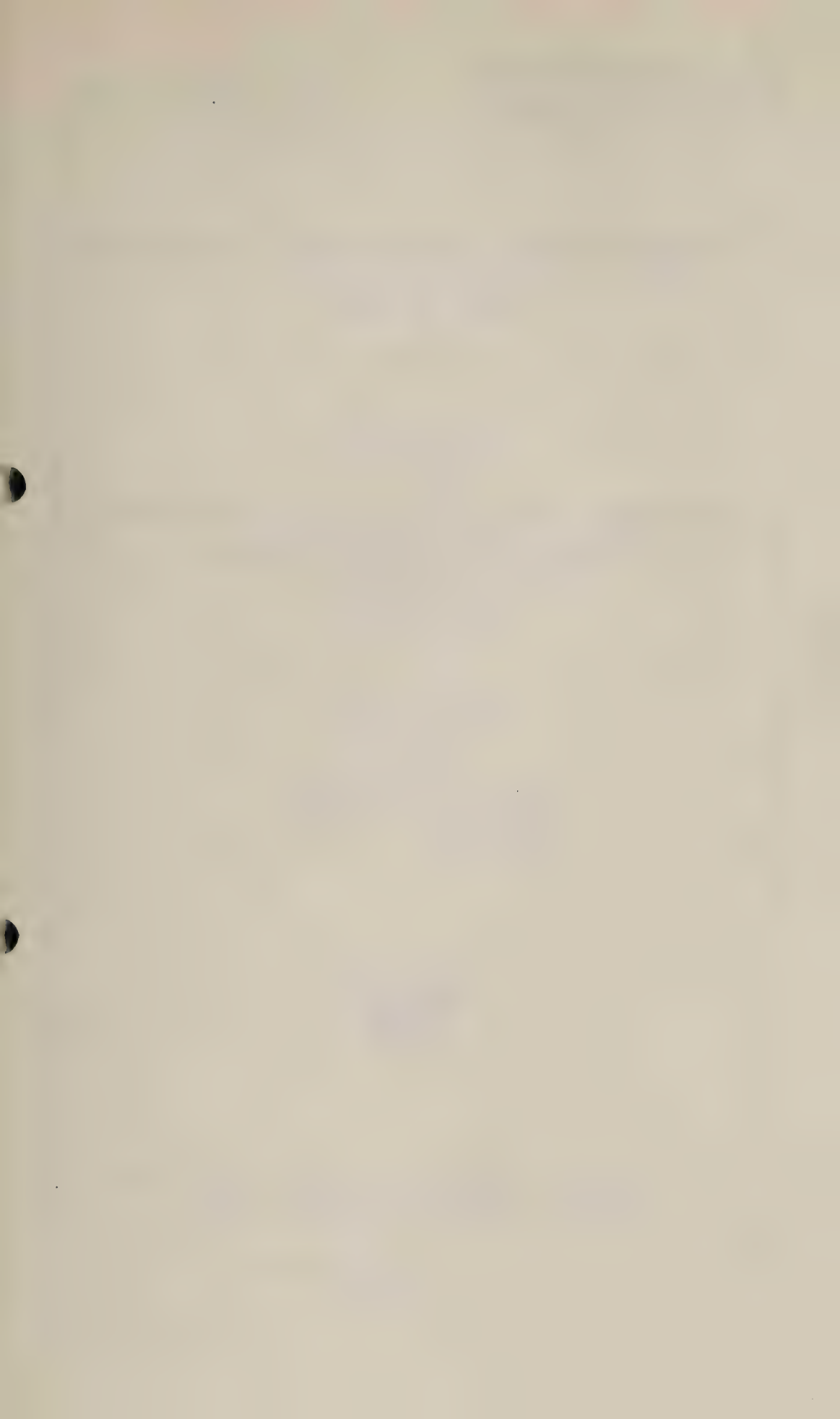
A blank check for hydrology research in section 812(d).

We have a right to know the total anticipated cost of each and all these projects that we are being asked to authorize. We must know if we are to act soundly and responsibly.

To show our commitment to the demonstration cities program, I suggested in committee and recommend to the House that we express the sense of Congress of our resolve to execute this program and that authorization, but not appropriation, for this program shall take into account the budgetary situation existing when plans for the program have been submitted and are, in fact, ready for funding.

RICHARD OTTINGER.





HOUSING AND URBAN DEVELOPMENT ACT OF 1966

REPORT
OF THE
COMMITTEE ON BANKING AND CURRENCY
HOUSE OF REPRESENTATIVES
EIGHTY-NINTH CONGRESS
SECOND SESSION
ON
H.R. 15890
PART II
SHOWING CHANGES IN
EXISTING LAW MADE BY
THE BILL AS REPORTED



JULY 15, 1966.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

64-842

WASHINGTON : 1966

THE UNIVERSITY OF CHICAGO

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Union Calendar No. 778

89TH CONGRESS 2d Session	}	HOUSE OF REPRESENTATIVES	}	REPT. 1699 PART II
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HOUSING AND URBAN DEVELOPMENT ACT OF 1966

JULY 15, 1966.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. PATMAN, from the Committee on Banking and Currency,
submitted the following

R E P O R T

[To accompany H.R. 15890]

PART II

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman) :

NATIONAL HOUSING ACT

[Public Law 479, 73d Congress, 48 Stat. 1246, 12 U.S.C. 1701 et seq.]

AN ACT to encourage improvement in housing standards and conditions, to provide a system of mutual mortgage insurance, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Housing Act."

TITLE I—HOUSING RENOVATION AND MODERNIZATION

【CREATION OF FEDERAL HOUSING ADMINISTRATION】 *ADMINISTRATIVE PROVISION*

SECTION 1. 【The President is authorized to create a Federal Housing Administration, all of the powers of which shall be exercised by a Federal Housing Commissioner (hereinafter referred to as the “Commissioner”), who shall be appointed by the President, by and with the advice and consent of the Senate.】

In order to carry out the provisions of this title and titles II, III, V, VI, VII, VIII, IX, and X, the 【Commissioner】 *Secretary of Housing and Urban Development* (hereinafter referred to as the “Secretary”) may establish such agencies, accept and utilize such voluntary and uncompensated services, utilize such Federal officers and employees, and, with the consent of the State, such State and local officers and employees, and appoint such other officers and employees as he may find necessary, and may prescribe their authorities, duties, responsibilities, and tenure and fix their compensation, without regard to the provisions of other laws applicable to the employment or compensation of officers or employees of the United States. The 【Commissioner】 *Secretary* may delegate any of the functions and powers conferred upon him under this title and titles II, III, V, VI, VII, VIII, IX, and X, to such officers, agents, and employees as he may designate or appoint, and may make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere, for law books and books of reference, and for paper, printing, and binding) as are necessary to carry out the provisions of this title and titles II, III, V, VI, VII, VIII, IX, and X, without regard to any other provisions of law governing the expenditure of public funds. All such compensation, expenses, and allowances shall be paid out of funds made available by this Act: *Provided, That*, notwithstanding any other provisions of law except provisions of law hereafter enacted expressly in limitation hereof, all expenses of the 【Federal Housing Administration】 *Department of Housing and Urban Development* in connection with the examination and insurance of loans or investments under any title of this Act, all properly capitalized expenditures, and other necessary expenses not attributable to general overhead in accordance with generally accepted accounting principles shall be considered nonadministrative and payable from funds made available by this Act, except that, unless made pursuant to specific authorization by the Congress therefor, expenditures made in any fiscal year pursuant to this proviso, other than the payment of insurance claims and other than expenditures (including services on a contract or fee basis, but not including other personal services) in connection with the acquisition, protection, completion, operation, maintenance, improvement, or disposition of real or personal property of the 【Administration】 *Department* acquired under authority of this Act, shall not exceed 35 per centum of the income received by the 【Federal Housing Administration】 *Department of Housing and Urban Development* from premiums and fees during the preceding fiscal year. The 【Commissioner】 *Secretary* shall, in carrying out the provisions of this title and titles

II, III, V, VI, VII, VIII, IX, and X be authorized, in his official capacity, to sue and be sued in any court of competent jurisdiction, State or Federal.

INSURANCE OF FINANCIAL INSTITUTIONS

SEC. 2. (a) The **[Commissioner]** *Secretary* is authorized and empowered upon such terms and conditions as he may prescribe, to insure banks, trust companies, personal finance companies, mortgage companies, building and loan associations, installment lending companies, and other such financial institutions, which the **[Commissioner]** *Secretary* finds to be qualified by experience or facilities and approves as eligible for credit insurance, against losses which they may sustain as a result of loans and advances of credit, and purchases of obligations representing loans and advances of credit, made by them on and after July 1, 1939, and prior to October 1, 1969, for the purpose of financing alterations, repairs, and improvements upon or in connection with existing structures, and the building of new structures, upon urban, suburban, or rural real property (including the restoration, rehabilitation, rebuilding, and replacement of such improvements which have been damaged or destroyed by earthquake, conflagration, tornado, hurricane, cyclone, flood, or other catastrophe), by the owners thereof or by lessees of such real property under a lease expiring not less than six months after the maturity of the loan or advance of credit. In no case shall the insurance granted by the **[Commissioner]** *Secretary* under this section to any such financial institution on loans, advances of credit, and purchases made by such financial institution for such purposes on and after July 1, 1939, exceed 10 per centum of the total amount of such loans, advances of credit, and purchases: *Provided*, That with respect to any loan, advance of credit, or purchase made after the effective date of the Housing Act of 1954, the amount of any claim for loss on any such individual loan, advance of credit, or purchase paid by the **[Commissioner]** *Secretary* under the provisions of this section to a lending institution shall not exceed 90 per centum of such loss.

After the effective date of the Housing Act of 1954, (i) the **[Commissioner]** *Secretary* shall not enter into contracts for insurance pursuant to this section except with lending institutions which are subject to the inspection and supervision of a governmental agency required by law to make periodic examinations of their books and accounts, and which the **[Commissioner]** *Secretary* finds to be qualified by experience or facilities to make and service such loans, advances or purchases, and with such other lending institutions which the **[Commissioner]** *Secretary* approves as eligible for insurance pursuant to this section on the basis of their credit and their experience or facilities to make and service such loans, advances or purchases; (ii) only such items as substantially protect or improve the basic livability or utility of properties shall be eligible for financing under this section, and therefore the **[Commissioner]** *Secretary* shall from time to time declare ineligible for financing under this section any item, product, alteration, repair, improvement, or class thereof which he determines would not substantially protect or improve the basic livability or utility of such properties, and he may also declare ineligible for financing under this section any item which he determines is especially subject to selling abuses; and

(iii) the **[Commissioner]** *Secretary* is hereby authorized and directed, by such regulations or procedures as he shall deem advisable, to prevent the use of any financial assistance under this section (1) with respect to new residential structures that have not been completed and occupied for at least six months, or (2) which would, through multiple loans, result in an outstanding aggregate loan balance with respect to the same structure exceeding the dollar amount limitation prescribed in this subsection for the type of loan involved: *Provided*, That this clause (iii) may in the discretion of the **[Commissioner]** *Secretary* be waived with respect to the period of occupancy or completion of any such new residential structures.

(b) No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it (1) if the amount of such loan, advance of credit, or purchase exceeds \$3,500; (2) if such obligation has a maturity in excess of three years and thirty-two days, except that the **[Commissioner]** *Secretary* may increase such maximum limitation to five years and thirty-two days if he determines such increase to be in the public interest after giving consideration to the general effect of such increase upon borrowers, the building industry, and the general economy, and such maturity limitation shall not apply if such loan, advance of credit, or purchase is for the purpose of financing the construction of a new structure for use in whole or in part for agricultural purposes; or (3) unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions as the **[Commissioner]** *Secretary* shall prescribe, in order to make credit available for the purposes of this title: *Provided*, That any such obligation with respect to which insurance is granted under this section on or after sixty days from the date of the enactment of this proviso shall bear interest, and insurance premium charges, not exceeding (A) an amount, with respect to so much of the net proceeds thereof as does not exceed \$2,500, equivalent to \$5 discount per \$100 of original face amount of a one-year note payable in equal monthly installments, plus (B) an amount, with respect to any portion of the net proceeds thereof in excess of \$2,500, equivalent to \$4 discount per \$100 of original face amount of such a note: *Provided further*, That the amounts referred to in clauses (A) and (B) of the preceding proviso, when correctly based on tables of calculations issued by the **[Commissioner]** *Secretary* or adjusted to eliminate minor errors in computation in accordance with requirements of the **[Commissioner]** *Secretary*, shall be deemed to comply with such proviso: *Provided further*, That insurance may be granted to any such financial institution with respect to any obligation not in excess of \$15,000 nor an average amount of \$2,500 per family unit and having a maturity not in excess of seven years and thirty-two days representing any such loan, advance of credit, or purchase made by it if such loan, advance of credit, or purchase is made for the purpose of financing the alteration, repair, improvement, or conversion of an existing structure used or to be used as an apartment house or a dwelling for two or more families: *Provided further*, That any obligation with respect to which insurance is granted under this section on or after July 1, 1939, may be refinanced and extended in accordance with such terms and conditions as the **[Commissioner]**

Secretary may prescribe, but in no event for an additional amount or term in excess of the maximum provided for in this subsection.

(c) (1) Notwithstanding any other provision of law, the **[Commissioner]** *Secretary* shall have the power, under regulations to be prescribed by him and approved by the Secretary of the Treasury, to assign or sell at public or private sale, or otherwise dispose of, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of insurance heretofore or hereafter granted under this section, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the payment of such insurance until such time as such obligations may be referred to the Attorney General for suit or collection.

(2) The **[Commissioner]** *Secretary* is authorized and empowered (a) to deal with, complete, rent, renovate, modernize, insure, or sell for cash or credit, in his discretion, and upon such terms and conditions and for such consideration as the **[Commissioner]** *Secretary* shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of insurance heretofore or hereafter granted under this title and (b) to pursue to final collection, by way of compromise or otherwise, all claims against mortgagors assigned by mortgagees to the **[Commissioner]** *Secretary* in connection with such real property by way of deficiency or otherwise: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of such property if the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the **[Commissioner]** *Secretary* deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein heretofore or hereafter acquired by the **[Commissioner]** *Secretary* pursuant to the provisions of this title may be exercised by **[the Commissioner or by any Assistant Commissioner]** *an officer* appointed by him without the execution of any express delegation of power or power of attorney: *Provided*, That nothing in this paragraph shall be construed to prevent the **[Commissioner]** *Secretary* from delegating such power by order or by power of attorney, in his discretion, to any officer or agent he may appoint.

(d) The **[Commissioner]** *Secretary* is authorized and empowered, under such regulations as he may prescribe, to transfer to any such approved financial institution any insurance in connection with any loans and advances of credit which may be sold to it by another approved financial institution.

(e) The **[Commissioner]** *Secretary* is authorized to waive compliance with regulations heretofore or hereafter prescribed by him with respect to the interest and maturity of and the terms, conditions, and restrictions under which loans, advances of credit, and purchases may be insured under this section and section 6, if in his judgment the enforcement of such regulations would impose an injustice upon an insured institution which has substantially complied with such regulations in good faith and refunded or credited any excess charge made, and where such waiver does not involve an increase of the obligation

of the **[Commissioner]** *Secretary* beyond the obligation which would have been involved if the regulations had been fully complied with.

(f) The **[Commissioner]** *Secretary* shall fix a premium charge for the insurance hereafter granted under this section, but in the case of any obligation representing any loan, advance of credit, or purchase, such premium charge shall not exceed an amount equivalent to 1 per centum per annum of the net proceeds of such loan, advance of credit, or purchase, for the term of such obligation, and such premium charge shall be payable in advance by the financial institution and shall be paid at such time and in such manner as may be prescribed by the **[Commissioner]** *Secretary*.

(g) Any payment for loss made to an approved financial institution under this section shall be final and incontestable after two years from the date the claim was certified for payment by the **[Commissioner]** *Secretary*, in the absence of fraud or misrepresentation on the part of such institution, unless a demand for repurchase of the obligation shall have been made on behalf of the United States prior to the expiration of such two-year period.

(h) the **[Commissioner]** *Secretary* is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title.

LOANS TO FINANCIAL INSTITUTIONS

SEC. 3. Repealed.

ALLOCATION OF FUNDS

SEC. 4. For the purposes of carrying out the provisions of this title and titles II and III **[the Reconstruction Finance Corporation shall make available to the Administrator such funds as he may deem necessary, and the amount of notes, debentures, bonds, or other such obligations which the Corporation is authorized and empowered to have outstanding at any one time under existing law is hereby increased by an amount sufficient to provide such funds: *Provided, That*** the President, in his discretion, is authorized to provide such funds or any portion thereof by allotment to the **[Commissioner]** *Secretary* from any funds that are available, or may hereafter be made available, to the President for emergency purposes.

SEC. 5. Repealed.

SEC. 6. Repealed.

TAXATION

SEC. 7. Nothing in this title shall be construed to exempt any real property acquired and held by the **[Commissioner]** *Secretary* in connection with the payment of insurance heretofore or hereafter granted under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

INSURANCE OF MORTGAGES

SEC. 8. (a) To assist in providing adequate housing for families of low and moderate income, particularly in suburban and outlying areas, this section is designed to supplement systems of mortgage

insurance under other provisions of the National Housing Act by making feasible the insurance of mortgages covering properties in areas where it is not practicable to obtain conformity with many of the requirements essential to the insurance of mortgages on housing in built-up urban areas. The **[Commissioner]** *Secretary* is authorized upon application by the mortgagee, to insure, as hereinafter provided, any mortgage (as defined in section 201 of this Act) offered to him which is eligible for insurance as hereinafter provided, and, upon such terms as the **[Commissioner]** *Secretary* may prescribe, to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the aggregate amount of principal obligations of all mortgages insured under this section and outstanding at any one time shall not exceed \$100,000,000, except that with the approval of the President such aggregate amount may be increased at any time or times by additional amounts aggregating not more than \$150,000,000 upon a determination by the President, taking into account the general effect of any such increase upon conditions in the building industry and upon the national economy, that such increase is in the public interest: *And provided further*, That no mortgage shall be insured under this section after the effective date of the Housing Act of 1954, except pursuant to a commitment to insure issued on or before such date.

(b) To be eligible for insurance under this section, a mortgage shall—

(1) have been made to, and be held by, a mortgagee approved by the **[Commissioner]** *Secretary* as responsible and able to service the mortgage properly;

(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the **[Commissioner]** *Secretary* shall approve) in an amount not to exceed \$5,700, and not to exceed 95 per centum of the appraised value, as of the date the mortgage is accepted for insurance, of a property upon which there is located a dwelling designed principally for a single-family residence, and which is approved for mortgage insurance prior to the beginning of construction: *Provided*, That the mortgagor shall be the owner and occupant of the property at the time of insurance and shall have paid on account of the property at least 5 per centum of the **[Commissioner's]** *Secretary's* estimate of the cost of acquisition in cash or its equivalent, or shall be the builder constructing the dwelling, in which case the principal obligation shall not exceed 85 per centum of the appraised value of the property or \$5,100: *Provided further*, That the **[Commissioner]** *Secretary* finds that the project with respect to which the mortgage is executed is an acceptable risk, giving consideration to the need for providing adequate housing for families of low and moderate income particularly in suburban and outlying areas: *And provided further*, That, where the mortgagor is the owner and occupant of the property and establishes (to the satisfaction of the **[Commissioner]** *Secretary*) that his home, which he occupied as an owner or as a tenant, was destroyed or damaged to such an extent that reconstruction is required as a result of a flood, fire, hurricane, earthquake, storm or other catastrophe,

which the President, pursuant to section 2(a) of the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes" (Public Law 875, Eighty-first Congress, approved September 30, 1950), has determined to be a major disaster, such maximum dollar limitation may be increased by the [Commissioner] *Secretary* from \$5,700 to \$7,000, and the percentage limitation may be increased by the [Commissioner] *Secretary* from 95 per centum to 100 per centum of the appraised value;

(3) have a maturity satisfactory to the [Commissioner] *Secretary* but not to exceed thirty years from the date of insurance of the mortgage;

(4) contain complete amortization provisions satisfactory to the [Commissioner] *Secretary* requiring periodic payments by the mortgagor not in excess of his reasonable ability to pay as determined by the [Commissioner] *Secretary*;

(5) bear interest (exclusive of premium charges for insurance and service charges, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time;

(6) provide, in a manner satisfactory to the [Commissioner] *Secretary*, for the application of the mortgagor's periodic payments (exclusive of the amount allocated to interest and to the premium charge which is required for mortgage insurance as hereinafter provided and to the service charge, if any) to amortization of the principal of the mortgage; and

(7) contain such terms and provisions with respect to insurance, repairs, alterations, payment of taxes, service charges, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, and other matters as the [Commissioner] *Secretary* may in his discretion prescribe.

(c) The [Commissioner] *Secretary* is authorized to fix a premium charge for the insurance of mortgages under this section, but in the case of any mortgage, such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the mortgagee, either in cash or in debentures issued by the [Commissioner] *Secretary* under this section at par plus accrued interest, in such manner as may be prescribed by the [Commissioner] *Secretary*: *Provided*, That the [Commissioner] *Secretary* may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. If the [Commissioner] *Secretary* finds, upon the presentation of a mortgage for insurance and the tender of the initial premium charge or charges so required, that the mortgage complies with the provisions of this section, such mortgage may be accepted for insurance by endorsement or otherwise as the [Commissioner] *Secretary* may prescribe. In the event that the principal obligation of any mortgage accepted for insurance under this section is paid in full prior

to the maturity date, the [Commissioner] *Secretary* is further authorized, in his discretion, to require the payment by the mortgagee of an adjusted premium charge in such amount as the [Commissioner] *Secretary* determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured until such maturity date; and in the event that the principal obligation is paid in full as herein set forth, the [Commissioner] *Secretary* is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid.

(d) The [Commissioner] *Secretary* may, at any time under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

(e) Any contract of insurance executed by the [Commissioner] *Secretary* under this section shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

(f) In any case in which the mortgagee under a mortgage insured under this section shall have foreclosed and taken possession of the mortgaged property in accordance with the regulations of, and within a period to be determined by, the [Commissioner] *Secretary*, or shall, with the consent of the [Commissioner] *Secretary*, have otherwise acquired such property from the mortgagor after default, the mortgagee shall be entitled to receive the benefits of the insurance as provided in section 204(a) of this Act with respect to mortgages insured under section 203(b) (2) (D) of this Act.

(g) Subsection (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 of this Act shall be applicable to mortgages insured under this section except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the General Insurance Fund, and all references therein to section 203 shall be construed to refer to this section: *Provided*, That debentures issued in connection with mortgages insured under this section 8 shall have the same tax exemption as debentures issued in connection with mortgages insured under section 203 of this Act.

SEC. 9. The provisions of sections 2 and 8 shall be applicable in the several States and Puerto Rico, the District of Columbia, Guam, and the Virgin Islands.

TITLE II—MORTGAGE INSURANCE

DEFINITIONS

SEC. 201. As used in section 203 of this title—

(a) The term "mortgage" means a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable or (2) under a lease having a period

of not less than fifty years to run from the date the mortgage was executed; and the term "first mortgage" means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

(b) The term "mortgagee" includes the original lender under a mortgage, and his successors and assigns approved by the [Commissioner] *Secretary*; and the term "mortgagor" includes the original borrower under a mortgage and his successors and assigns.

(c) The term "maturity date" means the date on which the mortgage indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage.

(d) The term "State" includes the several States and Puerto Rico, the District of Columbia, Guam, and the Virgin Islands.

MUTUAL MORTGAGE INSURANCE FUND

SEC. 202. There is hereby created a Mutual Mortgage Insurance Fund (hereinafter referred to as the "Fund"), which shall be used by the [Commissioner] *Secretary* as a revolving fund for carrying out the provisions of this title with respect to mortgages insured under section 203 as hereinafter provided, and there shall be allocated immediately to such Fund the sum of \$10,000,000 out of funds made available to the [Commissioner] *Secretary* for the purposes of this title.

INSURANCE OF MORTGAGES

SEC. 203. (a) The [Commissioner] *Secretary* is authorized, upon application by the mortgagee, to insure as hereinafter provided any mortgage offered to him which is eligible for insurance as hereinafter provided, and, upon such terms as the [Commissioner] *Secretary* may prescribe, to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon.

(b) To be eligible for insurance under this section a mortgage shall—

(1) Have been made to, and be held by, a mortgagee approved by the [Commissioner] *Secretary* as responsible and able to service the mortgage properly.

(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the [Commissioner] *Secretary* shall approve) in an amount not to exceed \$30,000 in the case of property upon which there is located a dwelling designed principally for a one-family residence; or \$32,500 in the case of a two-family residence (whether or not such one- or two-family residence may be intended to be rented temporarily for school purposes); or \$32,500 in the case of a three-family residence; or \$37,500 in the case of a four-family residence; and (except as provided in the next to the last sentence of this paragraph) not to exceed an amount equal to the sum of (i) 97 per centum (but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance or the dwelling

was approved for guaranty, insurance, or direct loan under chapter 37 of title 38, United States Code, prior to the beginning of construction, 90 per centum) of \$15,000 of the appraised value of the property, as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of \$15,000 but not in excess of \$20,000, and (iii) 80 per centum of such value in excess of \$20,000. If the mortgagor is a veteran who has not received any direct, guaranteed, or insured loan under laws administered by the Veterans' Administration for the purchase, construction, or repair of a dwelling (including a farm dwelling) which was to be owned and occupied by him as his home, and the mortgage to be insured under this section covers property upon which there is located a dwelling designed principally for a one-family residence, the principal obligation may be in an amount equal to the sum of (i) 100 per centum of \$15,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of \$15,000 but not in excess of \$20,000, and (iii) 85 per centum of such value in excess of \$20,000. As used herein, the term "veteran" means any person who served on active duty in the armed forces of the United States for a period of not less than ninety days (or is certified by the Secretary of Defense as having performed extra-hazardous service), and who was discharged or released therefrom under conditions other than dishonorable.

(3) Have a maturity satisfaction to the **[Commissioner]** *Secretary*, but not to exceed, in any event, thirty-five years (or thirty years if such mortgage is not approved for insurance prior to construction) from the date of the beginning of amortization of the mortgage or three-quarters of the **[Commissioner's]** *Secretary's* estimate of the remaining economic life of the building improvements, whichever is the lesser.

(4) Contain complete amortization provisions satisfactory to the **[Commissioner]** *Secretary* requiring periodic payments by the mortgagor not in excess of his reasonable ability to pay as determined by the **[Commissioner]** *Secretary*.

(5) Bear interest (exclusive of premium charges for insurance, and services charges if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the **[Commissioner]** *Secretary* finds necessary to meet the mortgage market.

(6) Provide, in a manner satisfactory to the **[Commissioner]** *Secretary*, for the application of the mortgagor's periodic payments (exclusive of the amount allocated to interest and to the premium charge which is required for mortgage insurance as hereinafter provided) to amortization of the principal of the mortgage.

(7) Contain such terms and provisions with respect to insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the **[Commissioner]** *Secretary* may in his discretion prescribe.

(8) In the case of a mortgagor who is not the occupant of the property, have a principal obligation not in excess of an amount equal to 85 per centum of the amount computed under the provisions of para-

tion unless the **【Commissioner】** *Secretary* finds that the project with respect to which the mortgage is executed is economically sound. In the event that the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the **【Commissioner】** *Secretary* is further authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the **【Commissioner】** *Secretary* determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured until such maturity date; and in the event that the principal obligation is paid in full as herein set forth, the **【Commissioner】** *Secretary* is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid.

(d) Repealed.

(e) Any contract of insurance heretofore or hereafter executed by the **【Commissioner】** *Secretary* under this title shall be conclusive evidence of the eligibility of the loan or mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved financial institution or approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved financial institution or approved mortgagee.

(f) Repealed.

(g) Repealed.

(h) Notwithstanding any other provision of this section, the **【Commissioner】** *Secretary* is authorized to insure any mortgage which involves a principal obligation not in excess of \$12,000 and not in excess of 100 per centum of the appraised value of a property upon which there is located a dwelling designed principally for a single-family residence, where the mortgagor is the owner and occupant and establishes (to the satisfaction of the **【Commissioner】** *Secretary*) that his home which he occupied as an owner or as a tenant was destroyed or damaged to such an extent that reconstruction is required as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe, which the President, pursuant to section 2(a) of the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters and for other purposes" (Public Law 875, Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster.

(i) The **【Commissioner】** *Secretary* is authorized to insure under this section, any mortgage meeting the requirements of subsection (b) of this section, except as modified by this subsection, which involves a principal obligation not in excess of \$12,500 and not in excess of 97 per centum (or, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance or the dwelling was approved for guaranty, insurance, or direct loan under chapter 37 of title 38, United States Code, prior to the beginning of construction, 90 per centum) of the appraised value of a property located in an area where

the **Commissioner** *Secretary* finds it is not practicable to obtain conformity with many of the requirements essential to the insurance of mortgages on housing in built-up urban areas, upon which there is located a dwelling designed principally for a single-family residence: *Provided*, That if the mortgagor is not the occupant of the property at the time of insurance, the principal obligation of the mortgage shall not exceed 85 per centum of the appraised value of the property: *Provided further*, That the **Commissioner** *Secretary* finds that the property with respect to which the mortgage is executed is an acceptable risk, giving consideration to the need for providing adequate housing for families of low and moderate income particularly in suburban and outlying areas or small communities: *Provided further*, That under the foregoing provisions of this subsection the **Commissioner** *Secretary* is authorized to insure any mortgage issued with respect to a farm home on a plot of land five or more acres in size adjacent to a public highway.

(j) Loans secured by mortgages insured under this section shall not be taken into account in determining the amount of real estate loans which a national bank may make in relation to its capital and surplus or its time and savings deposits.

(k) To supplement the mortgage insurance provisions of this section in order to assist the conservation, improvement, and alteration of housing, the **Commissioner** *Secretary* is authorized to make commitments to insure and to insure a home improvement loan (including advances during construction or improvement) under this subsection in accordance with the provisions of section 220(h), except that (1) the structures improved shall be designed for occupancy by not more than four families and shall not be required to be located in the area of an urban renewal project, (2) the **Commissioner** *Secretary* shall find that the project with respect to which the loan is executed is an acceptable risk, (3) all funds received and all disbursements made shall be credited or charged, as appropriate, to the General Insurance Fund, and (4) insurance benefits shall be paid in cash out of the General Insurance Fund or in debentures executed in the name of such Fund. For the purposes of this subsection, the **Commissioner** *Secretary* shall have all the authority provided in section 220(h). Insurance benefits paid with respect to loans insured under this subsection shall be paid in accordance with sections 220(h)(6) and 220(h)(7), except that as applied to those loans references in section 220(h) to "this subsection" shall be construed to refer to this section 203(k). If the insurance payment is made in cash, there shall be added to such payment an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the **Commissioner** *Secretary*.

PAYMENT OF INSURANCE

SEC. 204. (a) In any case in which the mortgagee under a mortgage insured under section 203 shall have foreclosed and taken possession of the mortgaged property in accordance with regulations of, and within a period to be determined by, the **Commissioner** *Secretary*, or shall, with the consent of the **Commissioner** *Secretary*,

have otherwise acquired such property from the mortgagor after default, the mortgagee shall be entitled to receive the benefit of the insurance as hereinafter provided, upon (1) the prompt conveyance to the **[Commissioner]** *Secretary* of title to the property which meets the requirements of rules and regulations of the **[Commissioner]** *Secretary* in force at the time the mortgagee was insured, and which is evidenced in the manner prescribed by such rules and regulations, and (2) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims as may have been released with the consent of the **[Commissioner]** *Secretary*. Upon such conveyance and assignment the obligation of the mortgagee to pay the premium charges for insurance shall cease and the **[Commissioner]** *Secretary* shall, subject to the cash adjustment hereinafter provided, issue to the mortgagee debentures having a total face value equal to the value of the mortgage and (subject to subsection (e) (2)) a certificate of claim, as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined, in accordance with rules and regulations prescribed by the **[Commissioner]** *Secretary*, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of the institution of foreclosure proceedings, or on the date of the acquisition of the property after default other than by foreclosure, the amount of all payments which have been made by the mortgagee for taxes, ground rents, and water rates, which are liens prior to the mortgage, special assessments which are noted on the application for insurance or which become liens after the insurance of the mortgage, charges for the administration, operation, maintenance and repair of community-owned property or the maintenance and repair of the mortgaged property, the obligation for which arises out of a covenant filed for record and approved by the **[Commissioner]** *Secretary* prior to the insurance of the mortgage, insurance on the mortgaged property, and any mortgage insurance premiums, and any tax imposed by the United States upon any deed or other instrument by which said property was acquired by the mortgagee and transferred or conveyed to the **[Commissioner]** *Secretary*, and by deducting from such total amount any amount received on account of the mortgage after either of such dates, and any amount received as rent or other income from the property, less reasonable expenses incurred in handling the property, after either of such dates: *Provided*, That with respect to mortgages which are accepted for insurance under section 203(b) (2) (B) of this Act, and which are foreclosed before there shall have been paid on account of the principal obligation of the mortgage a sum equal to 10 per centum of the appraised value of the property as of the date the mortgage was accepted for insurance, there may be included in the debentures issued by the **[Commissioner]** *Secretary*, on account of foreclosure costs actually paid by the mortgagee and approved by the **[Commissioner]** *Secretary* an amount not in excess of 2 per centum of the unpaid principal of the mortgage as of the date of the institution of foreclosure proceedings, but in no event in excess of \$75: *And provided further*, That with respect to mortgages which are accepted for insurance under section 203(b) (2) (D) or under the second proviso of section 207(c) (2) of this Act, or under section 213 of this Act, or with respect to any

mortgage accepted for insurance under section 203 on or after the effective date of the Housing Act of 1954, there may be included in the debentures issued by the [Commissioner] *Secretary* on account of the cost of foreclosure (or of acquiring the property by other means) actually paid by the mortgagee and approved by the [Commissioner] *Secretary* an amount, not in excess of two-thirds of such cost or \$75 whichever is the greater: *And provided further*, That with respect to a mortgage accepted for insurance pursuant to a commitment issued on or before the date of enactment of the Housing Act of 1964,⁵³ the [Commissioner] *Secretary* may include in debentures or in the cash payment an amount not to exceed the foreclosure, acquisition, and conveyance costs actually paid by the mortgagee and approved by the [Commissioner] *Secretary*: *And provided further*, That with respect to a mortgage accepted for insurance pursuant to a commitment issued prior to the date of enactment of the Housing Act of 1964, the [Commissioner] *Secretary* may, with the consent of the mortgagee (in lieu of issuing a certificate of claim as provided in subsection (e)), include in debentures or in the cash payment, in addition to amounts otherwise allowed for such costs, an amount not to exceed one-third of the total foreclosure, acquisition, and conveyance costs actually paid by the mortgagee and approved by the [Commissioner] *Secretary*, but in no event may the total allowance for such costs exceed the amount actually paid by the mortgagee: *And provided further*, That with respect to mortgages to which the provisions of sections 302 and 306 of the Soldiers' and Sailors' Civil Relief Act of 1940, as now or hereafter amended, apply and which are insured under section 203 of the National Housing Act, as now or hereafter amended, and subject to such regulations and conditions as the [Commissioner] *Secretary* may prescribe, there shall be included in the debentures an amount which the [Commissioner] *Secretary* finds to be sufficient to compensate the mortgagee for any loss which it may have sustained on account of interest on debentures by reason of its having postponed the institution of foreclosure proceedings or the acquisition of the property by other means during any part or all of the period of such military service and three months thereafter: *And provided further*, That where the claim is paid in cash there shall be included in the cash payment an amount equivalent to the compensation for loss of debenture interest that would be included in computing debentures if such claim were being paid in debentures: *And provided further*, That with respect to any mortgage covering a one-, two-, three-, or four-family residence insured under this Act, if the [Commissioner] *Secretary* finds, after notice of default, that the default was due to circumstances beyond the control of the mortgagor, he may, upon such terms and conditions as he may prescribe, (1) approve the request of the mortgagee for an extension of the time for the curing of the default and of the time for commencing foreclosure proceedings or for otherwise acquiring title to the mortgaged property to such time as the [Commissioner] *Secretary* may determine is necessary and desirable to enable the mortgagor to complete the mortgage payments, including an extension of time beyond the stated maturity of the mortgage, and in the event of a subsequent foreclosure or acquisition of the property by other means the [Commissioner] *Secretary* is authorized to include in the debentures an amount equal to any

unpaid mortgage interest, or (2) approve a modification of the terms of the mortgage for the purpose of changing the amortization provisions by recasting, over the remaining term of the mortgage or over such longer period as may be approved by the [Commissioner] *Secretary*, the total unpaid amount then due, as determined by the [Commissioner] *Secretary*, with the modification to become effective currently or to become effective upon the termination of an agreed-upon extension of the period for curing the default; and the principal amount of the mortgage, as modified, shall be considered to be the "original principal obligation of the mortgage" as that term is used in this Act for the purpose of computing the total face value of the debentures to be issued or the cash payment to be made by the [Commissioner] *Secretary* to a mortgagee: *And provided further*, That, notwithstanding any requirement contained in this Act that debentures may be issued only upon acquisition of title and possession by the mortgagee and its subsequent conveyance and transfer to the [Commissioner] *Secretary*, and for the purpose of avoiding unnecessary conveyance expense in connection with payment of insurance benefits under the provisions of this Act, the [Commissioner] *Secretary* is authorized, subject to such rules and regulations as he may prescribe, to permit the mortgagee to tender to the [Commissioner] *Secretary* a satisfactory conveyance of title and transfer of possession direct from the mortgagor or other appropriate grantor and to pay the insurance benefits to the mortgagee which it would otherwise be entitled to if such conveyance had been made to the mortgagee and from the mortgagee to the [Commissioner] *Secretary*.

(b) The [Commissioner] *Secretary* may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

(c) Debentures issued under this section shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the [Commissioner] *Secretary* with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the value of the mortgage determined as herein provided and the aggregate face value of the debentures issued, not to exceed \$350, shall be adjusted by the payment of cash by the [Commissioner] *Secretary* to the mortgagee from the Mutual Mortgage Insurance Fund.

(d) The debentures issued under this section to any mortgagee with respect to mortgages insured under section 203 shall be executed in the name of the Mutual Mortgage Insurance Fund as obligor, shall be signed by the [Commissioner] *Secretary* by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date foreclosure proceedings were instituted, or the property was otherwise acquired by the mortgagee after default: *Provided*, That debentures issued pursuant to claims for insurance filed on or after the date of enactment of the Housing Act of 1964 shall be dated as of the date of default or as of such later date as the [Commissioner] *Secretary* in his discretion, may establish by

regulation. The debentures shall bear interest from such date at a rate established by the [Commissioner] *Secretary* pursuant to section 224, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature twenty years after the date there. Such debentures as are issued in exchange for property covered by mortgages insured under section 203 or section 207 prior to the date of enactment of the National Housing Act Amendments of 1938 shall be subject only to such Federal, State, and local taxes as the mortgages in exchange for which they are issued would be subject to in the hands of the holder of the debentures and shall be a liability of the Mutual Mortgage Insurance Fund, but such debentures shall be fully and unconditionally guaranteed as to principal and interest by the United States; but any mortgagee entitled to receive any such debentures may elect to receive in lieu thereof a cash adjustment and debentures issued as hereinafter provided and bearing the current rate of interest. Such debentures as are issued in exchange for property covered by mortgages insured after the date of enactment of the National Housing Act Amendments of 1938 shall be exempt, both as to principal and interest, from all taxation (except surtax, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority; and such debentures shall be paid out of the Mutual Mortgage Insurance Fund, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event that the Mutual Mortgage Insurance Fund fails to pay upon demand, when due, the principal of or interest on any debentures issued under this section, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

(e)(1) Subject to paragraph (2), the certificate of claim issued by the [Commissioner] *Secretary* to any mortgagee shall be for an amount which the [Commissioner] *Secretary* determines to be sufficient, when added to the face value of the debentures issued and the cash adjustment paid to the mortgagee, to equal the amount which the mortgagee would have received if, at the time of the conveyance to the [Commissioner] *Secretary* of the property covered by the mortgage, the mortgagor had redeemed the property and paid in full all obligations under the mortgage and a reasonable amount for necessary expenses incurred by the mortgagee in connection with the foreclosure proceedings, or the acquisition of the mortgaged property otherwise, and the conveyance thereof to the [Commissioner] *Secretary*. Each such certificate of claim shall provide that there shall accrue to the holder of such certificate with respect to the face amount of such certificate, an increment at the rate of 3 per centum per annum which shall not be compounded. The amount to which the holder of any such certificate shall be entitled shall be determined as provided in subsection (f).

(2) A certificate of claim shall not be issued and the provisions of paragraph (1) of this subsection shall not be applicable in the case of a mortgage accepted for insurance pursuant to a commitment issued on or after the date of enactment of the Housing Act of 1964.

(f)(1) If, after deducting (in such manner and amount as the **【Commissioner】** *Secretary* shall determine to be equitable and in accordance with sound accounting practice) the expenses incurred by the **【Commissioner】** *Secretary*, the net amount realized from any property conveyed to the **【Commissioner】** *Secretary* under this section and the claims assigned therewith exceed the face value of the debentures issued and the cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be divided as follows:

(i) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such property, the **【Commissioner】** *Secretary* shall pay to the holder of such certificate the full amount so payable, and any excess remaining thereafter shall be paid to the mortgagor of such property if the mortgage was insured under section 203: *Provided*, That on and after the date of enactment of the Housing Act of 1964, any excess remaining after payment to the holder of the full amount of the certificate of claim, together with the accrued interest increment thereon, shall be retained by the **【Commissioner】** *Secretary* and credited to the applicable insurance fund; and

(ii) If such excess is equal to or less than the total amount payable under such certificate of claim, the **【Commissioner】** *Secretary* shall pay to the holder of such certificate the full amount of such excess.

(2) Notwithstanding any other provisions of this section, the **【Commissioner】** *Secretary* is authorized, with respect to mortgages insured pursuant to commitments for insurance issued after the date of enactment of the Housing Amendments of 1955, and, with the consent of the mortgagee or mortgagor, as the case may be, with respect to mortgages insured pursuant to commitments issued prior to such date, to effect the settlement of certificates of claim and refunds to mortgagors at any time after the sale or transfer of title to the property conveyed to the **【Commissioner】** *Secretary* under this section and without awaiting the final liquidation of such property for the purpose of determining the net amount to be realized therefrom: *Provided*, That the settlement authority created by the Housing Amendments of 1955 shall be terminated with respect to any certificates of claim outstanding as of the date of enactment of the Housing Act of 1964.

(3) With the consent of the holder thereof, the **【Commissioner】** *Secretary* is authorized, without awaiting the final liquidation of the **【Commissioner's】** *Secretary's* interest in the property, to settle any certificate of claim issued pursuant to subsection (e), with respect to which settlement had not been effected prior to the date of enactment of the Housing Act of 1964, by making payment in cash to the holder thereof of such amount not exceeding the face amount of the certificate of claim, together with the accrued interest thereon, as the **【Commissioner】** *Secretary* may consider appropriate: *Provided*, That in any case where the certificate of claim is settled in accordance with the provisions of this paragraph, any amounts realized after the date of enactment of the Housing Act of 1964, in the liquidation of the **【Com-**

missioner's] *Secretary's* interest in the property, shall be retained by the [Commissioner] *Secretary* and credited to the applicable insurance fund.

(g) Notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, the [Commissioner] *Secretary* shall have power to deal with, complete, rent, renovate, modernize, insure, or sell for cash or credit, in his discretion, any properties conveyed to him in exchange for debentures and certificates of claim as provided in this section; and notwithstanding any other provision of law, the [Commissioner] *Secretary* shall also have power to pursue to final collection, by way of compromise or otherwise, all claims against mortgagors assigned by mortgagees to the [Commissioner] *Secretary* as provided in this section: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of such property if the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the [Commissioner] *Secretary* deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein heretofore or hereafter acquired by the [Commissioner] *Secretary* pursuant to the provisions of this Act, may be exercised by [the Commissioner or by any Assistant Commissioner] *an officer* appointed by him, without the execution of any express delegation of power or power of attorney: *Provided*, That nothing in this subsection shall be construed to prevent the [Commissioner] *Secretary* from delegating such power by order or by power of attorney, in his discretion, to any officer, agent, or employee he may appoint: *And provided further*, That a conveyance or transfer of title to real or personal property or an interest therein to the [Federal Housing Commissioner] *Secretary*, his successors and assigns, without identifying the [Commissioner] *Secretary* therein, shall be deemed a proper conveyance or transfer to the same extent and of like effect as if the [Commissioner] *Secretary* were personally named in such conveyance or transfer.

(h) No mortgagee or mortgagor shall have, and no certificate of claim shall be construed to give to any mortgagee or mortgagor, any right or interest in any property conveyed to the [Commissioner] *Secretary* or in any claim assigned to him; nor shall the [Commissioner] *Secretary* owe any duty to any mortgagee or mortgagor with respect to the handling or disposal of any such property or the collection of any such claim.

(j) In the event that any mortgagee under a mortgage insured under section 203 forecloses on the mortgaged property but does not convey such property to the [Commissioner] *Secretary* in accordance with this section, and the [Commissioner] *Secretary* is given written notice thereof, or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, and the mortgagee pays any adjusted premium charge required under the provisions of section 203(c), and the [Commissioner] *Secretary* is given written notice by the mortgagee of the payment of such obligation, the obligation to pay any subsequent premium charge for insurance shall cease,

and all rights of the mortgagee and the mortgagor under this section shall terminate as of the date of such notice.

(k) Notwithstanding any other provision of this section or of section 604 or 904 and with respect to any debentures issued in exchange for properties conveyed to and accepted by the [Commissioner] *Secretary* after the effective date of the Housing Act of 1959 in accordance with such sections, the [Commissioner] *Secretary* may (1) include in debentures reasonable payments made by the mortgagee with the approval of the [Commissioner] *Secretary* for the purpose of protecting, operating, or preserving the property, and taxes imposed upon any deed or any other instrument by which the property, was acquired by the mortgagee and transferred or conveyed to the [Commissioner] *Secretary*; (2) include in debentures as a portion of foreclosure costs (to the extent that foreclosure costs may be included in such debentures by any other provision of this Act) payments made by the mortgagee for the cost of acquiring the property and conveying and evidencing title to the property to the [Commissioner] *Secretary*; and (3) terminate the mortgagee's obligation to pay mortgage insurance premiums upon receipt of an application for debentures filed by the mortgagee, or in the event the contract of insurance is terminated pursuant to section 229.

CLASSIFICATION OF MORTGAGES AND INSURANCE FUND

SEC. 205. (a) The [Commissioner] *Secretary* shall establish as of July 1, 1954, in the Mutual Mortgage Insurance Fund a General Surplus Account and a Participating Reserve Account. All of the assets of the General Reinsurance Account shall be transferred to the General Surplus Account whereupon the General Reinsurance Account shall be abolished. There shall be transferred from the various group accounts to the Participating Reserve Account as of July 1, 1954, an amount equal to the aggregate amount which would have been distributed under the provisions of section 205 in effect on June 30, 1954, if all outstanding mortgages in such group accounts had been paid in full on said date. All of the remaining balances of said group accounts shall as of said date be transferred to the General Surplus Account whereupon all of said group accounts shall be abolished.

(b) The aggregate net income thereafter received or any net loss thereafter sustained by the Mutual Mortgage Insurance Fund in any semiannual period shall be credited or charged to the General Surplus Account and/or the Participating Reserve Account in such manner and amounts as the [Commissioner] *Secretary* may determine to be in accord with sound actuarial and accounting practice.

(c) Upon termination of the insurance obligation of the Mutual Mortgage Insurance Fund by payment of any mortgage insured thereunder, the [Commissioner] *Secretary* is authorized to distribute to the mortgagor a share of the Participating Reserve Account in such manner and amount as the [Commissioner] *Secretary* shall determine to be equitable and in accordance with sound actuarial and accounting practice: *Provided*, That, in no event, shall any such distributable share exceed the aggregate scheduled annual premiums of the mortgagor to the year of termination of the insurance.

(d) No mortgagor or mortgagee of any mortgage insured under section 203 shall have any vested right in a credit balance in any such account or be subject to any liability arising out of the mutuality of the Fund and the determination of the [Commissioner] *Secretary* as to the amount to be paid by him to any mortgagor shall be final and conclusive.

INVESTMENT OF FUNDS

SEC. 206. Moneys in the Fund not needed for the current operations of the [Federal Housing Administration shall be deposited] *Department of Housing and Urban Development related to insurance under section 203 shall be deposited* with the Treasurer of the United States to the credit of the Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The [Commissioner] *Secretary* may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of section 204. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not re-issued, and the several group accounts to which such debentures have been charged shall be charged with the amounts used in making such purchases.

RENTAL HOUSING INSURANCE

SEC. 207. (a) As used in this section—

(1) The term “mortgage” means a first mortgage on real estate in fee simple, or on the interest of either the lessor or lessee thereof (A) under a lease for not less than ninety-nine years which is renewable or (B) under a lease having a period of not less than fifty years to run from the date the mortgage was executed, upon which there is located or upon which there is to be constructed a building or buildings designed principally for residential use or upon which there is located or to be constructed facilities for trailer coach mobile dwellings; and the term “first mortgage” means such classes of first liens as are commonly given to secure advances (including but not being limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and may be in the form of trust mortgages or mortgage indentures or deeds of trust securing notes, bonds, or other credit instruments.

(2) The term “mortgagee” means the original lender under a mortgage, and its successors and assigns, and includes the holders of credit instruments issued under a trust mortgage or deed of trust pursuant to which such holders act by and through a trustee therein named.

(3) The term “mortgagor” means the original borrower under a mortgage and its successors and assigns.

(4) The term “maturity date” means the date on which the mortgage indebtedness would be extinguished if paid in accordance with the periodic payments provided for in the mortgage.

(5) The term “slum or blighted area” means any area where dwellings predominate which, by reason of dilapidation, overcrowding,

faulty arrangement or design, lack of ventilation, light or sanitation facilities, or any combination of these factors, are detrimental to safety, health, or morals.

(6) The term "rental housing" means housing, the occupancy of which is permitted by the owner thereof in consideration of the payment of agreed charges, whether or not, by the terms of the agreement, such payment over a period of time will entitle the occupant to the ownership of the premises or space in a trailer court or park properly arranged and equipped to accommodate trailer coach mobile dwellings.

(7) The term "State" includes the several States, and Puerto Rico, the District of Columbia, Guam, and the Virgin Islands.

(b) In addition to mortgages insured under section 203, the [Commissioner] *Secretary* is authorized to insure mortgages as defined in this section (including advances on such mortgages during construction) which cover property held by—

(1) Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited dividend or redevelopment or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation; or

(2) any other mortgagor approved by the [Commissioner] *Secretary* which until the termination of all obligations of the [Commissioner] *Secretary* under the insurance and during such further period of time as the [Commissioner] *Secretary* shall be the owner, holder, or reinsurer of the mortgage, is regulated or restricted by the [Commissioner] *Secretary* as to rents or sales, charges, capital structure, rate of return, and methods of operation to such extent and in such manner as to provide reasonable rentals to tenants and a reasonable return on the investment. The [Commissioner] *Secretary* may make such contracts with and acquire, for not to exceed \$100, such stock or interest in the mortgagor as he may deem necessary to render effective the regulations or restrictions. The stock or interest acquired by the [Commissioner] *Secretary* shall be paid for out of the General Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the [Commissioner] *Secretary* under the insurance.

The insurance of mortgages under this section is intended to facilitate particularly the production of rental accommodations, at reasonable rents, of design and size suitable for family living. The [Commissioner] *Secretary* is, therefore, authorized and directed in the administration of this section to take action, by regulation or otherwise, which will direct the benefits of mortgage insurance hereunder primarily to those projects which make adequate provision for families with children, and in which every effort has been made to achieve moderate rental charges.

Notwithstanding any other provisions of this section, no mortgage shall be insured hereunder unless the mortgagor certifies under oath in selecting tenants for the property covered by the mortgage he will not discriminate against any family by reason of the fact that there are children in the family, and that he will not sell the property while the insurance is in effect unless the purchaser so certifies, such certifi-

cation to be filed with the [Commissioner] *Secretary*. Violation of any such certification shall be a misdemeanor punishable by a fine of not to exceed \$500.

(c) To be eligible for insurance under this section a mortgage on any property or project shall involve a principal obligation in an amount—

(1) not to exceed \$20,000,000, or, if executed by a mortgagor coming within the provisions of paragraph numbered (b) (1) of this section, not to exceed \$50,000,000;

(2) not to exceed 90 per centum of the estimated value of the property or project (when the proposed improvements are completed): *Provided*, That this limitation shall not apply to mortgages on housing in Alaska, or in Guam, but such a mortgage may involve a principal obligation in an amount not to exceed 90 per centum of the amount which the [Commissioner] *Secretary* estimates will be the replacement cost of the property or project when the proposed improvements are completed (the value of the property or project as such term is used in this paragraph may include the land, the proposed physical improvements, utilities within the boundaries of the property or project, architect's fees, taxes, and interest accruing during construction, and other miscellaneous charges incident to construction and approved by the [Commissioner] *Secretary*). *And provided further*, That nothing contained in this section shall preclude the insurance of mortgages covering existing construction located in slum or blighted areas, as defined in paragraph numbered (5) of subsection (a) of this section, and the [Commissioner] *Secretary* may require such repair or rehabilitation work to be completed as is, in his discretion, necessary to remove conditions detrimental to safety, health, or morals; and

(3) not to exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the [Commissioner] *Secretary*), \$9,000 per family unit without a bedroom, \$12,500 per family unit with one bedroom, \$15,000 per family unit with two bedrooms, \$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms, or not to exceed \$1,800 per space or \$500,000 per mortgage for trailer courts or parks; except that as to projects to consist of elevator-type structures the [Commissioner] *Secretary* may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$10,500 per family unit without a bedroom, \$15,000 per family unit with one bedroom, \$18,000 per family unit with two bedrooms, \$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; and except that the [Commissioner] *Secretary* may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed 45 per centum in any geographical area where he finds that cost levels so require.

The mortgage shall provide for complete amortization by periodic payments within such term as the [Commissioner] *Secretary* shall prescribe, and shall bear interest (exclusive of premium charges for insurance) at not to exceed $5\frac{1}{4}$ per centum per annum on the amount

of the principal obligation outstanding at any time. The **[Commissioner]** *Secretary* may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release. No mortgage shall be accepted for insurance under this section or section 210 unless the **[Commissioner]** *Secretary* finds that the property or project, with respect to which the mortgage is executed, is economically sound. Such property or project may include eight or more family units and may include such commercial and community facilities as the **[Commissioner]** *Secretary* deems adequate to serve the occupants.

(d) The **[Commissioner]** *Secretary* shall collect a premium charge for the insurance of mortgages under this section which shall be payable annually in advance by the mortgagee, either in cash or in debentures issued by the **[Commissioner]** *Secretary* under any title and section of this Act, except debentures of the Mutual Mortgage Insurance Fund, or of the Cooperative Management Housing Insurance Fund, at par plus accrued interest. In addition to the premium charge herein provided for, the **[Commissioner]** *Secretary* is authorized to charge and collect such amounts as he may deem reasonable for the appraisal of a property or project offered for insurance and for the inspection of such property or project during construction: *Provided*, That such charges for appraisal and inspection shall not aggregate more than 1 per centum of the original principal face amount of the mortgage.

(e) In the event that the principal obligation of any mortgage accepted for insurance under this section is paid in full prior to the maturity date, the **[Commissioner]** *Secretary* is authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the **[Commissioner]** *Secretary* determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured until such maturity date.

(f)

(g) The failure of the mortgagor to make any payment due under or provided to be paid by the terms of a mortgage insured under this section shall be considered a default under such mortgage and, if such default continues for a period of thirty days, the mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided, upon assignment, transfer, and delivery to the **[Commissioner]** *Secretary*, within a period and in accordance with rules and regulations to be prescribed by the **[Commissioner]** *Secretary* of (1) all rights and interests arising under the mortgage so in default; (2) all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transactions; (3) all policies of title or other insurance or surety bonds or other guaranties and any and all claims thereunder; (4) any balance of the mortgage loan not advanced to the mortgagor; (5) any cash or property held by the mortgagee, or to which it is entitled, as deposits made for the account of the mortgagor and which have not been applied in reduction of the principal of the mortgage indebtedness; and (6) all records, documents, books, papers, and accounts relating to the mortgage transaction. Upon such assign-

ment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for mortgage insurance shall cease, and the [Commissioner] *Secretary* shall, subject to the cash adjustment provided for in subsection (j), issue to the mortgagee a certificate of claim as provided in subsection (h), and debentures having a total face value equal to the original principal face amount of the mortgage plus such amount as the mortgagee may have paid for (A) taxes, special assessments, and water rates, which are liens prior to the mortgage; (B) insurance on the property; and (C) reasonable expenses for the completion and preservation of the property and any mortgage insurance premiums paid after default, less the sum of (i) that part of the amount of the principal obligation, that has been repaid by the mortgagor, (ii) an amount equivalent to 1 per centum of the unpaid amount of such principal obligation, and (iii) any net income received by the mortgagee from the property: *Provided*, That the mortgagee in the event of a default under the mortgage may, at its option and in accordance with regulations of, and in a period to be determined by, the [Commissioner] *Secretary*, proceed to foreclose on and obtain possession of or otherwise acquire such property from the mortgagor after default, and receive the benefits of the insurance as herein provided, upon (1) the prompt conveyance to the [Commissioner] *Secretary* of title to the property which meets the requirements of the rules and regulations of the [Commissioner] *Secretary* in force at the time the mortgage was insured and which is evidenced in the manner prescribed by such rules and regulations, and (2) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims that may have been released with the consent of the [Commissioner] *Secretary*. Upon such conveyance and assignment, the obligation of the mortgagee to pay the premium charges for insurance shall cease and the mortgagee shall be entitled to receive the benefits of the insurance as provided in this subsection, except that in such event the 1 per centum deduction, set out in (ii) hereof, shall not apply. Notwithstanding any other provision of this Act, upon receipt, after the date of enactment of the Housing Act of 1964, of an application for insurance benefits on a mortgage insured under this Act, the [Commissioner] *Secretary* may terminate the mortgagee's obligation to pay premium charges on the mortgage.

(h) The certificate of claim issued under this section shall be for an amount which the [Commissioner] *Secretary* determines to be sufficient, when added to the face value of the debentures issued and the cash adjustment paid to the mortgagee, to equal the amount which the mortgagee would have received if, on the date of the assignment, transfer and delivery to the [Commissioner] *Secretary* provided for in subsection (g), the mortgagor had extinguished the mortgage indebtedness by payment in full of all obligations under the mortgage and a reasonable amount for necessary expenses incurred by the mortgagee in connection with the foreclosure proceedings, or the acquisition of the mortgaged property otherwise, and the conveyance thereof to the [Commissioner] *Secretary*. Each such certificate of claim shall provide that there shall accrue to the holder of such certificate with respect

to the face amount of such certificate, an increment at the rate of 3 per centum per annum which shall not be compounded. If the net amount realized from the mortgage, and all claims in connection therewith, so assigned, transferred, and delivered, and from the property covered by such mortgage and all claims in connection with such property after deducting all expenses incurred by the **[Commissioner]** *Secretary* in handling, dealing with, acquiring title to, and disposing of such mortgage and property and in collecting such claims, exceeds the face value of the debentures issued and the cash adjustment paid to the mortgagee plus all interest paid on such debentures, such excess shall be divided as follows:

(1) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such property, the **[Commissioner]** *Secretary* shall pay to the holder of such certificate the full amount so payable, and any excess remaining thereafter shall be retained by the **[Commissioner]** *Secretary* and credited to the General Insurance Fund; and

(2) If such excess is equal to or less than the total amount payable under such certificate of claim, the **[Commissioner]** *Secretary* shall pay to the holder of such certificate the full amount of such excess.

(i) Debentures issued under this section, except that debentures issued pursuant to the provisions of section 220 (f), 221 (g), and section 233 may be dated as of the date the mortgage is assigned (or the property is conveyed) to the **[Commissioner]** *Secretary*, shall be executed in the name of the General Insurance Fund as obligor, shall be signed by the **[Commissioner]** *Secretary*, by either his written or engraved signature, shall be negotiable, and shall be dated as of the date of default as determined in subsection (g) of this section and shall bear interest from such date. They shall bear interest at a rate established by the **[Commissioner]** *Secretary* pursuant to section 224, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature twenty years after the date thereof. Such debentures as are issued in exchange for mortgages insured after the date of enactment of the National Housing Act Amendments of 1938 shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. They shall be paid out of the General Insurance Fund which shall be primarily liable therefor and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event the General Insurance Fund fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

(j) Debentures issued under this section shall be in such form and denominations in multiples of \$50, shall be subject to such terms and

conditions, and shall include such provision for redemption, if any, as may be prescribed by the [Commissioner] *Secretary* with the approval of the Secretary of the Treasury and may be in coupon or registered form. Any difference between the amount of debentures to which the mortgagee is entitled under this section, and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the [Commissioner] *Secretary* to the mortgagee from the General Insurance Fund.

(k) The [Commissioner] *Secretary* is hereby authorized either to (1) acquire possession of and title to any property, covered by a mortgage insured under this section and assigned to him, by voluntary conveyance in extinguishment of the mortgage indebtedness, or (2) institute proceedings for foreclosure on the property covered by any such insured mortgage and prosecute such proceedings to conclusion. The [Commissioner] *Secretary* at any sale under foreclosure may, in his discretion, for the protection of the General Insurance Fund, bid any sum up to but not in excess of the total unpaid indebtedness secured by the mortgage, plus taxes, insurance, foreclosure costs, fees, and other expenses, and may become the purchaser of the property at such sale. The [Commissioner] *Secretary* is authorized to pay from the General Insurance Fund such sums as may be necessary to defray such taxes, insurance, costs, fees, and other expenses in connection with the acquisition or foreclosure of property under this section. Pending such acquisition by voluntary conveyance or by foreclosure, the [Commissioner] *Secretary* is authorized, with respect to any mortgage assigned to him under the provisions of subsection (g), to exercise all the rights of a mortgagee under such mortgage, including the right to sell such mortgage, and to take such action and advance such sums as may be necessary to preserve or protect the lien of such mortgage.

(l) Notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real and other property by the United States, the [Commissioner] *Secretary* shall also have power, for the protection of the interests of the General Insurance Fund, to pay out of the General Insurance Fund all expenses or charges in connection with, and to deal with, complete, reconstruct, rent, renovate, modernize, insure, make contracts for the management of, or establish suitable agencies for the management of, or sell for cash or credit or lease in his discretion, any property acquired by him under this section; and notwithstanding any other provision of law, the [Commissioner] *Secretary* shall also have power to pursue to final collection by way of compromise or otherwise all claims assigned and transferred to him in connection with the assignment, transfer, and delivery provided for in this section, and at any time, upon default, to foreclose on any property secured by any mortgage assigned and transferred to or held by him: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of such property if the amount thereof does not exceed \$1,000.

(m)

(n) In the event that a mortgage insured under this section becomes in default through failure of the mortgagor to make any payment due

under or provided to be paid by the terms of the mortgage and such mortgage continues in default for a period of thirty days, but the mortgagee does not foreclose on or otherwise acquire the property, or does not assign and transfer such mortgage and the credit instrument secured thereby to the **Commissioner** *Secretary*, in accordance with subsection (g), and the **Commissioner** *Secretary* is given written notice thereof, or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, and the mortgagee pays any adjusted premium charge required under the provisions of subsection (e), and the **Commissioner** *Secretary* is given written notice by the mortgagee of the payment of such obligation, the obligation to pay the annual premium charge for insurance shall cease, and all rights of the mortgagee and the mortgagor under this section shall terminate as of the date of such notice.

(o) The **Commissioner** *Secretary*, with the consent of the mortgagee and the mortgagor of a mortgage insured under this section prior to the date of enactment of the National Housing Act Amendments of 1938, shall be empowered to reissue such mortgage insurance in accordance with the provisions of this section as amended by such Act, and any such insurance not so reissued shall not be affected by the enactment of such Act.

(p)

(q) Repealed.

(r) Notwithstanding any other provision of this Act, the **Commissioner** *Secretary* is authorized to include in any mortgage insured under any title of this Act after the effective date of the Housing Act of 1959 a provision requiring the mortgagor to pay a service charge to the **Commissioner** *Secretary* in the event such mortgage is assigned to and held by the Commissioner. Such service charge shall not exceed the amount prescribed by the **Commissioner** *Secretary* for mortgage insurance premiums applicable to such mortgage.

TAXATION PROVISIONS

SEC. 208. Nothing in this title shall be construed to exempt any real property acquired and held by the **Commissioner** *Secretary* under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

STATISTICAL AND ECONOMIC SURVEYS

SEC. 209. The **Commissioner** *Secretary* shall cause to be made *in connection with the insurance programs* such statistical surveys and legal and economic studies as he shall deem useful to guide the development of housing and the creation of a sound mortgage market in the United States, and shall publish from time to time the results of such surveys and studies. Expenses of such studies and surveys, and expenses of publication and distribution of the results of such studies and surveys, shall be charged as a general expense of such insurance fund or funds, as the **Commissioner** *Secretary* shall determine.

ADDITIONAL HOUSING INSURANCE

SEC. 210. Repealed.

RULES AND REGULATIONS

SEC. 211. The **[Commissioner]** *Secretary* is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title.

LABOR STANDARDS

SEC. 212. (a) The **[Commissioner]** *Secretary* shall not insure under section 207 or section 210 of this title, or under section 608 of title VI, pursuant to any application for insurance filed subsequent to the effective date of this section, or under section 213 of this title, or under title VIII pursuant to any application filed subsequent to sixty days after the date of enactment of the Housing Act of 1950, or under section 803 or 810 of title VIII, or under section 908 of title IX, a mortgage or investment which covers property on which there is or is to be placed a dwelling or dwellings, or a housing project, the construction of which was or is to be commenced subsequent to such date, unless the principal contractor files a certificate or certificates (at such times, in course of construction or otherwise, as the **[Commissioner]** *Secretary* may prescribe) certifying that the laborers and mechanics employed in the construction of the dwelling or dwellings or the housing project involved have been paid not less than the wages prevailing in the locality in which the work was performed for the corresponding classes of laborers and mechanics employed on construction of a similar character, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5), prior to the beginning of construction and after the date of the filing of the application for insurance. The provisions of this section shall also apply to the insurance of any loan or mortgage under section 220 or section 233 which covers property on which there is located a dwelling or dwellings designed principally for residential use for twelve or more families. The provisions of this section shall apply to the insurance under section 221 of any mortgage described in subsection (d) (3), or (d) (4). The provisions of this section shall also apply to the insurance of any mortgage under section 231 or 232 except that compliance with such provisions may be waived by the **[Commissioner]** *Secretary* in cases or classes of cases where laborers or mechanics, not otherwise employed at any time on the project, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction and the **[Commissioner]** *Secretary* determines that any amounts thereby saved are fully credited to the nonprofit corporation, association, or other organization undertaking the construction. The provisions of this section shall also apply to the insurance of any mortgage under section 234(d). The provisions of this section shall also apply to insurance under title X with respect to laborers and mechanics employed in land development financed with the proceeds of any mortgage insured under that title.

(b) The **[Commissioner]** *Secretary* is authorized to make such rules and regulations as may be necessary to carry out the provisions of this section.

(c) There is hereby authorized to be appropriated for the remainder of the fiscal year ending June 30, 1939, and for each fiscal year there-

after, a sum sufficient to meet all necessary expenses of the Department of Labor in making the determinations provided for in subsection (a).

COOPERATIVE HOUSING INSURANCE

SEC. 213. (a) In addition to mortgages insured under section 207 of this title, the **【Commissioner】** *Secretary* is authorized to insure mortgages as defined in section 207(a) of this title (including advances on such mortgages during construction), which cover property held by—

(1) a nonprofit cooperative ownership housing corporation or nonprofit cooperative ownership housing trust, the permanent occupancy of the dwellings of which is restricted to members of such corporation or to beneficiaries of such trust;

(2) a nonprofit corporation or nonprofit trust organized for the purpose of construction of homes for members of the corporation or for beneficiaries of the trust; or

(3) a mortgagor, approved by the **【Commissioner】** *Secretary*, which (A) has certified to the **【Commissioner】** *Secretary*, as a condition of obtaining the insurance of a mortgage under this section, that upon completion of the property or project covered by such mortgage it intends to sell such property or project to a nonprofit corporation or nonprofit trust of the character described in paragraph (1) of this subsection at the actual cost of such property or project as certified pursuant to section 227 of this Act and will faithfully and diligently make and carry out all reasonable efforts to consummate such sale, and (B) shall be regulated or restricted by the **【Commissioner】** *Secretary* as to rents, charges, capital structure, rate of return, and methods of operation during any period while it holds the mortgaged property or project; and for such purpose the **【Commissioner】** *Secretary* may make such contracts with, and acquire for not to exceed \$100 such stock or interest in, any such mortgagor as the **【Commissioner】** *Secretary* may deem necessary to render effective such restriction or regulation, such stock or interest to be paid for out of the Cooperative Management Housing Insurance Fund and to be redeemed by such mortgagor at par upon the sale of such property or project to such nonprofit corporation or nonprofit trust;

which corporations or trusts referred to in paragraphs (1) and (2) of this subsection are regulated or restricted for the purposes and in the manner provided in paragraphs numbered (1) and (2) of subsection (b) of section 207 of this title: *Provided*, That as applied to mortgages the mortgage insurance for which is the obligation of the Management Fund, the reference to the General Insurance Fund in section 207(b) (2) shall be construed to refer to the Management Fund.

(b) To be eligible for insurance under this section a mortgage on any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) of this section shall involve a principal obligation in an amount—

(1) not to exceed \$20,000,000, or not to exceed \$25,000,000 if the mortgage is executed by a mortgagor regulated or supervised

under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operations; and

(2) not to exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the **[Commissioner]** *Secretary*), \$9,000 per family unit without a bedroom, \$12,500 per family unit with one bedroom, \$15,000 per family unit with two bedrooms, \$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms, and not to exceed 97 per centum of the amount which the **[Commissioner]** *Secretary* estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *Provided*, That as to projects to consist of elevator-type structures the **[Commissioner]** *Secretary* may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$10,500 per family unit without a bedroom, \$15,000 per family unit with one bedroom, \$18,000 per family unit with two bedrooms, \$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design: *Provided further*, That the **[Commissioner]** *Secretary* may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed 45 per centum in any geographical area where he finds that cost levels so require. *Provided further*, That in the case of a mortgagor of the character described in paragraph (3) of subsection (a) the mortgage shall involve a principal obligation in an amount not to exceed 90 per centum of the amount which the **[Commissioner]** *Secretary* estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *And provided further*, That upon the sale of a property or project by a mortgagor of the character described in paragraph (3) of subsection (a) to a non-profit cooperative ownership housing corporation or trust within two years after the completion of such property or project the mortgage given to finance such sale shall involve a principal obligation in an amount not to exceed the maximum amount computed in accordance with this subsection without regard to the preceding proviso.

(c) To be eligible for insurance under this section a mortgage on any property or project of a corporation or trust of the character described in paragraph numbered (2) of subsection (a) of this section shall involve a principal obligation in an amount not to exceed \$12,500,000 and not to exceed a sum computed on the basis of a separate mortgage for each single-family dwelling (irrespective of whether such dwelling has a party wall or is otherwise physically connected with another dwelling or dwellings) comprising the property or project, equal to the total of each of the maximum principal obligations of such mortgages which would meet the requirements of section 203(b)(2) if the mortgagor were the owner and occupant who had made any required payment on account of the property prescribed in such paragraph.

(d) Any mortgage insured under this section shall provide for complete amortization by periodic payments within such terms as the **[Commissioner]** *Secretary* may prescribe but not to exceed forty years from the beginning of amortization of the mortgage, and shall bear interest (exclusive of premium charges for insurance) at not to exceed $5\frac{1}{4}$ per centum per annum, except that individual mortgages insured pursuant to this subsection covering the individual dwellings in the project may bear interest at not to exceed $5\frac{3}{4}$ per centum per annum, on the amount of the principal obligation outstanding at any time. The **[Commissioner]** *Secretary* may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release, and a mortgage on any project of a corporation or trust of the character described in paragraph numbered (2) of subsection (a) of this section may provide that, at any time after the completion of the construction of the project, such mortgage may be replaced, in whole or in part, by individual mortgages covering each individual dwelling in the project in amounts not to exceed the unpaid balance of the blanket mortgage allocable to the individual property. Each such individual mortgage may be insured under this section. Property covered by a mortgage, insured under this section, on a property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) of this section may include five or more family units and may include such commercial and community facilities as the **[Commissioner]** *Secretary* deems adequate to serve the occupants. Property held by a corporation or trust of the character described in paragraph numbered (2) of subsection (a) of this section which is covered by a mortgage insured under this section may include such community facilities, and property held by a mortgagor of the character described in paragraph numbered (3) of subsection (a) of this section which is covered by a mortgage insured under this section may include such commercial and community facilities, as the **[Commissioner]** *Secretary* deems adequate to serve the occupants.

(e) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), (m), and (n) of section 207 of this title shall be applicable to mortgages insured under this section except individual mortgages insured pursuant to subsection (d) of this section covering the individual dwellings in the project, and as to such individual mortgages the provisions of subsections (a), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall be applicable: *Provided*, That as applied to mortgages or loans the insurance for which is the obligation of the Management Fund (1) all references to the General Insurance Fund shall be construed to refer to the Management Fund, and (2) all references to section 207 shall be construed to refer to subsections (a) (1), (a) (3) (if the project involved is acquired by a cooperative corporation), (i), and (j) of this section.

(f) The **[Commissioner]** *Secretary* is authorized, with respect to mortgages insured or to be insured under this section, to furnish technical advice and assistance in the organization of corporations or trusts of the character described in subsection (a) of this section and in the

planning, development, construction, and operation of their housing projects.

(g) Nothing in this Act shall be construed to prevent the insurance of a mortgage under this section covering a housing project designed for occupancy by single persons, and dwelling units in such a project shall constitute family units within the meaning of this section.

(h) In the event that a mortgagor of the character described in paragraph (3) of subsection (a) obtains an insured mortgage loan pursuant to this section and fails to sell the property or project covered by such mortgage to a nonprofit housing corporation or nonprofit housing trust of the character described in paragraph (1) of subsection (a) hereof, the **Commissioner** *Secretary* is authorized to refuse, for such period of time as he shall deem appropriate under the circumstances, to insure under this section any additional investor-sponsor type mortgage loans made to such mortgagor or to any other investor-sponsor mortgagor where, in the determination of the **Commissioner** *Secretary*, any of its stockholders were identified with such mortgagor.

(i) Nothing in this Act shall be construed to prevent the insurance of a mortgage executed by a mortgagor of the character described in paragraph (1) of subsection (a) of this section covering property upon which dwelling units and related facilities have been constructed prior to the filing of the application for mortgage insurance hereunder: *Provided*, That the **Commissioner** *Secretary* determines that the consumer interest is protected and that the mortgagor will be a consumer cooperative. In the case of properties other than new construction, the limitations in this section upon the amount of the mortgage shall be based upon the appraised value of the property for continued use as a cooperative rather than upon the **Commissioner's** *Secretary's* estimate of the replacement cost. As to any project on which construction was commenced after the effective date of this subsection, the mortgage on such project shall be eligible for insurance under this section only in those cases where the construction was subject to inspection by the **Commissioner** *Secretary* and where there was compliance with the provisions of section 212 of this title. As to any project on which construction was commenced prior to the effective date of this subsection, such inspection, and compliance with the provisions of section 212 of this title, shall not be a prerequisite.

(j)(1) With respect to any property covered by a mortgage insured under this section (or any cooperative housing project covered by a mortgage insured under section 207 as in effect prior to the enactment of the Housing Act of 1950), the **Commissioner** *Secretary* is authorized, upon such terms and conditions as he may prescribe, to make commitments to insure and to insure supplementary cooperative loans (including advances during construction or improvement) made by financial institutions approved by the **Commissioner** *Secretary*. As used in this subsection, "supplementary cooperative loan" means a loan, advance of credit, or purchase of an obligation representing a loan or advance of credit made for the purpose of financing any of the following:

(A) Improvements or repairs of the property covered by such mortgage;

(B) Community facilities necessary to serve the occupants of the property; or

(C) Cooperative purchases and resales of memberships in order to provide necessary refinancing for resales of memberships which involve increases in equity; but in such resales by the cooperative the downpayments by the new members shall not be less than those made on the original sales of such memberships.

(2) To be eligible for insurance under this subsection, a supplementary cooperative loan shall—

(A) be limited to an amount which, when added to the outstanding mortgage indebtedness on the property, creates a total outstanding indebtedness which does not exceed the original principal obligation of the mortgage;

(B) have a maturity satisfactory to the [Commissioner] *Secretary* but not to exceed the remaining term of the mortgage;

(C) be secured in such manner as the [Commissioner] *Secretary* may require;

(D) contain such other terms, conditions, and restrictions as the Commissioner may prescribe; and

(E) represent the obligation of a borrower of the character described in paragraph (1) of subsection (a).

(k) There is hereby created a Cooperative Management Housing Insurance Fund (hereinafter referred to as the "Management Fund"). The Management Fund shall be used by the [Commissioner] *Secretary* as a revolving fund for carrying out the provisions of this section with respect to mortgages or loans insured, on or after the date of the enactment of this subsection, under subsections (a)(1), (a)(3) (if the project is acquired by a cooperative corporation), (i), and (j). The Management Fund shall also be used as a revolving fund for mortgages, loans, and commitments transferred to it pursuant to subsection (m). The [Commissioner] *Secretary* is directed to transfer to the Management Fund from the General Insurance Fund established pursuant to section 519 such amount as the [Commissioner] *Secretary* determines to be necessary and appropriate. General expenses of operation of the [Federal Housing Administration] *Department of Housing and Urban Development* relating to mortgages or loans which are the obligation of the Management Fund may be charged to the Management Fund.

(1) The [Commissioner] *Secretary* shall establish in the Management Fund, as of the date of the enactment of this subsection, a General Surplus Account and a Participating Reserve Account. The aggregate net income thereafter received or any net loss thereafter sustained by the Management Fund, in any semiannual period, shall be credited or charged to the General Surplus Account or the Participating Reserve Account or both in such manner and amounts as the [Commissioner] *Secretary* may determine to be in accord with sound actuarial and accounting practice. Upon termination of the insurance obligation of the Management Fund by payment of any mortgage or loan insured under this section, and at such time or times prior to such termination as the [Commissioner] *Secretary* may determine, the [Commissioner] *Secretary* is authorized to distribute to the mortgagor or borrower a share of the Participating Reserve Account in such manner and amount as the [Commissioner] *Secretary* shall determine to be equitable and in accordance with sound actuarial and accounting practice: *Provided,*

That in no event shall the amount of the distributable share exceed the aggregate scheduled annual premiums of the mortgagor or borrower to the year of payment of the share less the total amount of any share or shares previously distributed by the **[Commissioner]** *Secretary* to the mortgagor or borrower: *And provided further*, That in no event may a distributable share be distributed until any funds transferred from the General Insurance Fund to the Management Fund pursuant to subsection (k) or (o) have been repaid in full to the General Insurance Fund. No mortgagor, mortgagee, borrower, or lender shall have any vested right in a credit balance in any such account or be subject to any liability arising out of the mutuality of the Management Fund. The determination of the **[Commissioner]** *Secretary* as to the amount to be paid by him to any mortgagor or borrower shall be final and conclusive.

(m) The **[Commissioner]** *Secretary* is authorized to transfer to the Management Fund commitments for insurance issued under subsections (a)(1), (i), and (j) prior to the date of the enactment of this subsection, and to transfer to the Management Fund the insurance of any mortgage or loan insured prior to the date of the enactment of this subsection under subsection (a)(1), (a)(3) (if the project is acquired by a cooperative corporation), (i), or (j), but only in cases where the consent of the mortgagee or lender to the transfer is obtained or a request by the mortgagee or lender for the transfer is received by the **[Commissioner]** *Secretary* within such period of time after the date of the enactment of this subsection as the **[Commissioner]** *Secretary* shall prescribe: *Provided*, That the insurance of any mortgage or loan shall not be transferred under the provisions of this subsection if on the date of the enactment of this subsection the mortgage or loan is in default and the mortgagee or lender has notified the **[Commissioner]** *Secretary* in writing of its intention to file an insurance claim. Any insurance or commitment not so transferred shall continue to be an obligation of the General Insurance Fund.

(n) Notwithstanding the limitations contained in other provisions of this Act, premium charges for mortgages or loans insured under this section and sections 207, 231, and 232 may be payable in debentures issued in connection with mortgages or loans transferred to the Management Fund or in connection with mortgages or loans insured pursuant to commitments transferred to the Management Fund, as provided in subsection (m) of this section.

(o) Notwithstanding any other provision of this Act, the **[Commissioner]** *Secretary* is authorized to transfer funds between the Cooperative Management Housing Insurance Fund and the General Insurance Fund in such amounts and at such times as he may determine, taking into consideration the requirements of each such Fund, to assist in carrying out effectively the insurance program for which such Funds were respectively established.

SEC. 214. If the **[Federal Housing Commissioner]** *Secretary of Housing and Urban Development* finds that, because of higher cost prevailing in Alaska, Guam, or Hawaii, it is not feasible to construct dwellings on property located in Alaska or in Guam or Hawaii without sacrifice of sound standards of construction, design, or livability, within the limitations as to maximum or maxima mortgage amounts provided in this Act, the **[Commissioner]** *Secretary* may, by regula-

tions or otherwise, prescribe, with respect to dollar amount, a higher maximum or maxima for the principal obligation of mortgages insured under this Act covering property located in Alaska or in Guam or Hawaii in such amounts as he shall find necessary to compensate for such higher costs but not to exceed, in any event, the maximum or maxima otherwise applicable (including increased mortgage amounts in geographical areas where cost levels so require) by more than one-half thereof. No mortgage with respect to a project or property in Alaska or in Guam or Hawaii shall be accepted for insurance under this Act unless the **[Commissioner]** *Secretary* finds that the project or property is an acceptable risk, giving consideration to the acute housing shortage in Alaska or in Guam or Hawaii: *Provided*, That any such mortgage may be insured or accepted for insurance without regard to any requirement in any other section of this Act that the **[Commissioner]** *Secretary* finds the project or property to be economically sound or an acceptable risk. Notwithstanding any of the provisions of this Act or any other law, the Alaska Housing Authority or the Government of Guam or Hawaii or any agency or instrumentality thereof shall be eligible as mortgagor or mortgagee, as the case may be, for any of the purposes of mortgage insurance under the provisions of this Act. Upon application by the mortgagee (1) where the mortgagor is regulated or restricted pursuant to the last sentence of this section or (2) where the Alaska Housing Authority or the Government of Guam or Hawaii or any agency or instrumentality thereof is the mortgagor or mortgagee, for the insurance of a mortgage under any provisions of this Act, the **[Commissioner]** *Secretary* is authorized to insure the mortgage (including advances thereon where otherwise authorized), and to make commitments for the insuring of any such mortgages prior to the date of their execution or disbursement thereon, under such provisions (and this section) without regard to any requirement that the mortgagor shall be the owner and occupant of the property or shall have paid a prescribed amount on account of such property. Without limiting the authority of the **[Commissioner]** *Secretary* under any other provision of law, the **[Commissioner]** *Secretary* is hereby authorized, with respect to any mortgagor in such case (except where the Alaska Housing Authority is the mortgagor or mortgagee), to require the mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation to such an extent and in such manner as the **[Commissioner]** *Secretary* determines advisable to provide reasonable rentals and sales prices and a reasonable return on the investment.

ISSUANCE OF COMMITMENTS

SEC. 215. The **[Commissioner]** *Secretary* is hereby authorized to process applications and issue commitments with respect to insurance of mortgages under section 8 of title I, title II, title VI, title VIII, or title IX of this Act, even though the permanent mortgage financing may not be insured under this Act, and in the event the mortgage is not so insured the **[Commissioner]** *Secretary* is authorized to charge an additional application fee determined by him to be reasonable. The **[Commissioner]** *Secretary* is authorized to make such rules and regulations as may be necessary to carry out the provisions of this section.

WAIVER OF OCCUPANCY REQUIREMENTS FOR SERVICEMEN

SEC. 216. The [Commissioner] *Secretary* is hereby authorized to insure any mortgage otherwise eligible for insurance under any of the provisions of this Act without regard to any requirement that the mortgagor be the occupant of the property at the time of insurance, where the [Commissioner] *Secretary* is satisfied that the inability of the mortgagor to occupy the property is by reason of his entry into military service subsequent to the filing of an application for insurance and the mortgagor expresses an intent to occupy the property upon his discharge from military service.

GENERAL MORTGAGE INSURANCE AUTHORIZATION

SEC. 217. Except with respect to the insurance of a loan or mortgage pursuant to section 2, section 221, title VIII, or title X of this Act (subject to any limitations thereunder on the time of such insurance), no loan or mortgage shall be insured under any provision of this Act after October 1, 1969, except pursuant to a commitment to insure before that date.

SEC. 218. Repealed.

SEC. 219. Repealed.

REHABILITATION AND NEIGHBORHOOD CONSERVATION HOUSING INSURANCE

SEC. 220. (a) The purpose of this section is to aid in the elimination of slums and blighted conditions and the prevention of the deterioration of residential property by supplementing the insurance of mortgages under sections 203 and 207 of this title with a system of loan and mortgage insurance designed to assist the financing required for the rehabilitation of existing dwelling accommodations and the construction of new dwelling accommodations where such dwelling accommodations are located in an area referred to in paragraph (1) of subsection (d) of this section.

(b) The [Commissioner] *Secretary* is authorized, upon application by the mortgagee, to insure, as hereinafter provided, any mortgage (including advances during construction on mortgages covering property of the character described in paragraph (3)(B) of subsection (d) of this section) which is eligible for insurance as hereinafter provided, and, upon such terms and conditions as he may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

(c) As used in this section, the terms "mortgage," "first mortgage," "mortgagee," "mortgagor," "maturity date," and "State" shall have the same meaning as in section 201 of this Act.

(d) To be eligible for insurance under this section a mortgage shall meet the following conditions:

(1) The mortgaged property shall—

(A) be located in (i) the area of a slum clearance and urban redevelopment project covered by a Federal-aid contract executed or a prior approval granted, pursuant to title I of the Housing Act of 1949 before the effective date of the Housing Act of 1954, or (ii) an urban renewal area (as defined in title I of the Housing Act of

1949, as amended) in a community respecting which the [Housing and Home Finance Administrator] *Secretary of Housing and Urban Development* has made the [certification to the Commissioner] *determination* provided for by section 101(c) of the Housing Act of 1949, as amended, or (iii) the area of an urban renewal project assisted under section 111 of the Housing Act of 1949, as amended, or (iv) an area in which a program of concentrated code enforcement activities is being carried out pursuant to section 117 of the Housing Act of 1949: *Provided, That*, in the case of an area within the purview of clause (i) or (ii) of this subparagraph, a redevelopment plan or an urban renewal plan (as defined in title I of the Housing Act of 1949, as amended), as the case may be, has been approved for such area by the governing body of the locality involved and by the [Housing and Home Finance Administrator] *Secretary of Housing and Urban Development*, and the [Administrator] *Secretary* has [certified to the Commissioner] *determined* that such plan conforms to a general plan for the locality as a whole and that there exist the necessary authority and financial capacity to assure the completion of such redevelopment or urban renewal plan: *And provided further, That*, in the case of an area within the purview of clause (iii) of this subparagraph, an urban renewal plan (as required for projects assisted under such section 111) has been approved for such area by such governing body and by the [Administrator] *Secretary*, and the [Administrator] *Secretary* has [certified to the Commissioner] *determined* that such plan conforms to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements, and that there exist the necessary authority and financial capacity to assure the completion of such urban renewal plan, and

(B) meet such standards and conditions as the [Commissioner] *Secretary* shall prescribe to establish the acceptability of such property for mortgage insurance under this section.

(2) The mortgaged property shall be held by—

(A) a mortgagor approved by the [Commissioner] *Secretary*, and the [Commissioner] *Secretary* may in his discretion require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return and methods of operation, and for such purpose the [Commissioner] *Secretary* may make such contracts with and acquire for not to exceed \$100 stock or interest in any such mortgagor as the [Commissioner] *Secretary* may deem necessary to render effective such restriction or regulations. Such stock or interest shall be paid for out of the General Insurance Fund and shall be redeemed by the mortgagor at par upon the termination of all obligations of the [Commissioner] *Secretary* under the insurance; or

(B) by Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited dividend or redevelopment or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation.

(3) The mortgage shall—

(A) (i) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the [Commissioner] *Secretary* shall approve) in an amount not to exceed \$30,000 in the case of property upon which there is located a dwelling designed principally for a one-family residence; or \$32,500 in the case of a two-family residence; or \$32,500 in the case of a three-family residence; or \$37,500 in the case of a four-family residence; or in the case of a dwelling designed principally for residential use for more than four families (but not exceeding such additional number of family units as the [Commissioner] *Secretary* may prescribe) \$37,500 plus not to exceed \$7,000 for each additional family unit in excess of four located on such property; and not to exceed an amount equal to the sum of (1) 97 per centum (but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance, 90 per centum) of \$15,000 of the [Commissioner's] *Secretary's* estimate of replacement cost of the property, as of the date the mortgage is accepted for insurance, (2) 90 per centum of such replacement cost in excess of \$15,000 but not in excess of \$20,000, (3) 75 per centum of such replacement cost in excess of \$20,000: *Provided*, That in the case of properties other than new construction, the foregoing limitations upon the amount of the mortgage shall be based upon the sum of the estimated cost of repair and rehabilitation and the [Commissioner's] *Secretary's* estimate of the value of the property before repair and rehabilitation rather than upon the [Commissioner's] *Secretary's* estimate of the replacement cost;

(ii) in a case where the mortgagor is not the occupant of the property and intends to hold the property for rental purposes, have a principal obligation in an amount not to exceed 93 per centum of the amount computed under the provisions of clause (i);

(iii) in a case where the mortgagor is not the occupant of the property and intends to hold the property for the purpose of sale, have a principal obligation in an amount not to exceed 85 per centum of the amount computed under the provisions of clause (i), or in the alternative, in an amount equal to the amount computed under the provisions of clause (i) if the mortgagor and mortgagee assume responsibility in a manner satisfactory to the [Commissioner] *Secretary* for the reduction of the mortgage by an amount not less than 15 per centum of the outstanding principal amount thereof, or by such greater amount as may be required to meet the limitations of clause (iv), in the event the mortgaged property is not, prior to the due date of the eighteenth amortization payment of the mortgage, sold to a purchaser acceptable to the [Commissioner] *Secretary* who is the occupant of the property and who assumes and agrees to pay the mortgage indebtedness; and

(iv) in no case involving refinancing (except as provided in clause (iii)) have a principal obligation in an amount exceeding

the sum of the estimated cost of repair and rehabilitation and the amount (as determined by the [Commissioner] *Secretary*) required to refinance existing indebtedness secured by the property or project, plus any existing indebtedness incurred in connection with improving, repairing, or rehabilitating the property; or

(B) (i) not exceed \$30,000,000 or, if executed by a mortgagor coming within the provisions of paragraph (2) (B) of this subsection (d) not exceed \$50,000,000; and

(ii) not exceed 90 per centum of the amount which the [Commissioner] *Secretary* estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost of the property or project may include the land, the proposed physical improvements, utilities within the boundaries of the property or project, architect's fees, taxes, and interest during construction, and other miscellaneous charges incident to construction and approved by the [Commissioner] *Secretary*, and shall include an allowance for builder's and sponsor's profit and risk of 10 per centum of all of the foregoing items except the land unless the [Commissioner] *Secretary*, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage): *Provided*, That in the case of properties other than new construction, the foregoing limitations upon the amount of the mortgage shall be based upon the sum of the estimated cost of repair and rehabilitation and the [Commissioner's] *Secretary's* estimate of the value of the property before repair and rehabilitation rather than upon the [Commissioner's] *Secretary's* estimate of the replacement cost: *Provided further*, That in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the [Commissioner] *Secretary*) required to refinance existing indebtedness secured by the property or project;

(iii) not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the [Commissioner] *Secretary*), \$9,000 per family unit without a bedroom, \$12,500 per family unit with one bedroom, \$15,000 per family unit with two bedrooms, \$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms, except that as to projects to consist of elevator-type structures the [Commissioner] *Secretary* may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$10,500 per family unit without a bedroom, \$15,000 per family unit with one bedroom, \$18,000 per family unit with two bedrooms, \$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; and except that the [Commissioner's] *Secretary's* estimate of the value of the property being dollar amount limitations contained in this clause by not to exceed 45 per centum in any geographical area where he finds that cost levels so require: *Provided*, That nothing contained in this

subparagraph shall preclude the insurance of mortgages covering existing multifamily dwellings to be rehabilitated or reconstructed for the purposes set forth in subsection (a) of this section; and

(iv) include such nondwelling facilities as the [Commissioner] *Secretary* deems desirable and consistent with the urban renewal plan: *Provided*, That the project shall be predominantly residential and any nondwelling facility included in the mortgage shall be found by the [Commissioner] *Secretary* to contribute to economic feasibility of the project, and the [Commissioner] *Secretary* shall give due consideration to the possible effect of the project on other business enterprises in the community.

(4) The mortgage shall provide for complete amortization by periodic payments within such terms as the [Commissioner] *Secretary* may prescribe, but as to mortgages coming within the provisions of paragraph (3) (A) of this subsection (d) not to exceed the maximum maturity prescribed by the provisions of section 203(b) (3). The mortgage shall bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the [Commissioner] *Secretary* finds necessary to meet the mortgage market; contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the [Commissioner] *Secretary* may in his discretion prescribe.

(e) The [Commissioner] *Secretary* may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of mortgage.

(f) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

(1) as to mortgages meeting the requirements of paragraph (3) (A) of subsection (d) of this section, as provided in section 204 (a) of this Act with respect to mortgages insured under section 203; and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 of this Act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the General Insurance Fund and all references therein to section 203 shall be construed to refer to this section;

(2) as to mortgages meeting the requirements of paragraph (3) (B) of subsection (d) of this section, as provided in section 207 (g) of this Act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this Act shall be applicable to such mortgages insured under this section, and all references therein to the Hous-

ing Insurance Fund or the Housing Fund shall be construed to refer to the General Insurance Fund; or

(3) as to mortgages meeting the requirements of this section that are insured or initially endorsed for insurance on or after the date of enactment of the Housing Act of 1961, notwithstanding the provisions of paragraphs (1) and (2) of this subsection, the **[Commissioner]** *Secretary* in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such paragraphs in cash or in debentures (as provided in the mortgage insurance contract), or may acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the **[Commission]** *Secretary* and made previously by the mortgagee under the provisions of the mortgage. After the acquisition of the mortgage by the **[Commissioner]** *Secretary* the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan. The appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the **[Commissioner]** *Secretary* when he has acquired an insured mortgage under this paragraph, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the **[Commissioner]** *Secretary*, except that as applied to mortgages so acquired (A) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the General Insurance Fund, and (B) all references in section 204 to section 203 shall be construed to refer to this section. If the insurance payment is made in cash, there shall be added to such payment an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the **[Commissioner]** *Secretary*.

(g)

(h) (1) To assist further in the conservation, improvement, repair, and rehabilitation of property located in the area of an urban renewal project, or in an area in which a program of concentrated code enforcement activities is being carried out pursuant to section 117 of the Housing Act of 1949, as provided in paragraph (1) of subsection (d) of this section, the **[Commissioner]** *Secretary* is authorized upon such terms and conditions as he may prescribe to make commitments to insure and to insure home improvement loans (including advances during construction or improvement) made by financial institutions on and after the date of enactment of the Housing Act of 1961. As used in this subsection—

(A) the term “home improvement loan” means a loan, advance of credit, or purchase of an obligation representing a loan or advance of credit made—

(i) for the purpose of financing the improvement of an existing structure (or in connection with an existing struc-

ture) which was constructed not less than ten years prior to the making of such loan, advance of credit, or purchase, and which is used or will be used primarily for residential purposes: *Provided*, That a home improvement loan shall include a loan, advance, or purchase with respect to the improvement of a structure which was constructed less than ten years prior to the making of such loan, advance, or purchase if the proceeds are or will be used primarily for major structural improvements, or to correct defects which were not known at the time of the completion of the structure or which were caused by fire, flood, windstorm, or other casualty; or

(ii) for the purpose of enabling the borrower to pay that part of the cost of the construction or installation of sidewalks, curbs, gutters, street paving, street lights, sewers, or other public improvements, adjacent to or in the vicinity of property owned by him and used primarily for residential purposes, which is assessed against him or for which he is otherwise legally liable as the owner of such property;

(B) the term "improvement" means conservation, repair, restoration, rehabilitation, conversion, alteration, enlargement, or remodeling; and

(C) the term "financial institution" means a lender approved by the [Commissioner] *Secretary* as eligible for insurance under section 2 or a mortgagee approved under section 203(b) (1).

(2) To be eligible for insurance under this subsection, a home improvement loan shall—

(i) not exceed the [Commissioner's] *Secretary's* estimate of the cost of improvement, or \$10,000 per family unit, whichever is the lesser, and be limited as required by paragraph (11) : *Provided*, That the [Commissioner] *Secretary* may, by regulation, increase such amount by not to exceed 45 per centum in any geographical area where he finds that cost levels so require;

(ii) be limited to an amount which when added to any outstanding indebtedness related to the property (as determined by the [Commissioner] *Secretary*) creates a total outstanding indebtedness which does not exceed the limits provided in subsection (d) (3) for properties (of the same type) other than new construction;

(iii) bear interest at not to exceed a rate prescribed by the [Commissioner] *Secretary*, but not in excess of 6 per centum per annum of the amount of the principal obligation outstanding at any time, and such other charges (including such service charges, appraisal, inspection, and other fees) as may be approved by the [Commissioner] *Secretary*;

(iv) have a maturity satisfactory to the [Commissioner] *Secretary*, but not to exceed twenty years from the beginning of amortization of the loan or three-quarters of the remaining economic life of the structure, whichever is the lesser;

(v) comply with such other terms, conditions, and restrictions as the [Commissioner] *Secretary* may prescribe; and

(vi) represent the obligation of a borrower who is the owner of the property improved, or a lessee of the property

under a lease for not less than 99 years which is renewable or under a lease having an expiration date in excess of 10 years later than the maturity date of the loan.

(3) Any home improvement loan insured under this subsection may be refinanced and extended in accordance with such terms and conditions as the **[Commissioner]** *Secretary* may prescribe, but in no event for an additional amount or term in excess of the maximum provided for in this subsection.

(4).

(5) The **[Commissioner]** *Secretary* is authorized to fix a premium charge for the insurance of home improvement loans under this subsection but in the case of any such loan such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the loan outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the financial institution either in cash or in debentures (at par plus accrued interest) issued by the **[Commissioner]** *Secretary* as obligations of the General Insurance Fund, in such manner as may be prescribed by the **[Commissioner]** *Secretary*, and the **[Commissioner]** *Secretary* may require the payment of one or more such premium charges at the time the loan is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the loan. If the **[Commissioner]** *Secretary* finds upon presentation of a loan for insurance and the tender of the initial premium charge or charges so required that the loan complies with the provisions of this subsection, such loan may be accepted for insurance by endorsement or otherwise as the **[Commissioner]** *Secretary* may prescribe. In the event the principal obligation of any loan accepted for insurance under this subsection is paid in full prior to the maturity date, the **[Commissioner]** *Secretary* is authorized to refund to the financial institution for the account of the borrower all, or such portions as he shall determine to be equitable, of the current unearned premium charges theretofore paid.

(6) In cases of defaults on loans insured under this subsection, upon receiving notice of default, the **[Commissioner]** *Secretary*, in accordance with such regulations as he may prescribe, may acquire the loan and any security therefor upon payment to the financial institution in cash or in debentures (as provided in the loan insurance contract) of a total amount equal to the unpaid principal balance of the loan, plus any accrued interest, any advances approved by the **[Commissioner]** *Secretary* made previously by the financial institution under the provisions of the loan instruments, and reimbursement for such collection costs, court costs, and attorney fees as may be approved by the **[Commissioner]** *Secretary*. If the insurance payment is made in cash, there shall be added to such payment an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the **[Commissioner]** *Secretary*.

(7) Debentures issued under this subsection shall be executed in the name of the General Insurance Fund as obligor, shall be signed by the **【Commissioner】** *Secretary*, by either his written or engraved signature, shall be negotiable, and shall be dated as of the date the loan is assigned to the **【Commissioner】** *Secretary* and shall bear interest from that date. They shall bear interest at a rate established by the **【Commissioner】** *Secretary* pursuant to section 224, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature ten years after their date of issuance. They shall be exempt from taxation as provided in section 207(i) with respect to debentures issued under that section. They shall be paid out of the General Insurance Fund which shall be primarily liable therefor and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and the guaranty shall be expressed on the face of the debentures. In the event the General Insurance Fund fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures. Debentures issued under this subsection shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the **【Commissioner】** *Secretary* with the approval of the Secretary of the Treasury, and they may be in coupon or registered form. Any difference between the amount of the debentures to which the financial institution is entitled, and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the **【Commissioner】** *Secretary* to the financial institution from the General Insurance Fund.

(8) The provisions of subsections (c), (d), and (h) of section 2 shall apply to home improvement loans insured under this subsection, and for the purposes of this subsection references in subsections (c), (d), and (h) of section 2 to "this section" or "this title" shall be construed to refer to this subsection.

(9)(A) Notwithstanding any other provisions of this Act, no home improvement loan executed in connection with the improvement of a structure for use as rental accommodations for five or more families shall be insured under this subsection unless the borrower has agreed (i) to certify, upon completion of the improvement and prior to final endorsement of the loan, either that the actual cost of improvement equaled or exceeded the proceeds of the home improvement loan, or the amount by which the proceeds of the loan exceed the actual cost, as the case may be, and (ii) to pay forthwith to the financial institution, for application to the reduction of the principal of the loan, the amount, if any, certified to be in excess of the actual cost of improvement. Upon the **【Commissioner's】** *Secretary's* approval of the borrower's certification as required under this paragraph, the certification shall

be final and incontestable, except for fraud or material misrepresentation on the part of the borrower.

(B) As used in subparagraph (A), the term "actual cost" means the cost to the borrower of the improvement, including the amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organization and legal expenses, such allocations of general overhead items as are acceptable to the **[Commissioner]** *Secretary*, and other items of expense approved by the **[Commissioner]** *Secretary*, plus a reasonable allowance for builder's profit if the borrower is also the builder, as defined by the **[Commissioner]** *Secretary*, and excluding the amount of any kickbacks, rebates, or trade discounts received in connection with the improvement.

(10) Notwithstanding any other provision of this Act, the **[Commissioner]** *Secretary* is authorized and empowered (i) to make expenditures and advances out of funds made available by this Act to preserve and protect his interest in any security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to, insured by, or acquired by the **[Commissioner]** *Secretary* or by the United States under this subsection, or section 2 or 203(k); and (ii) to bid for and to purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any loan or other indebtedness owing to or acquired by the **[Commissioner]** *Secretary* or by the United States under this subsection or section 2 or 203(k). The authority conferred by this paragraph may be exercised as provided in the last sentence of section 204(g).

(11) Notwithstanding any other provision of this Act, no home improvement loan made in whole or in part for the purpose specified in clause (A)(ii) of the second sentence of paragraph (1) shall be insured under this subsection if such loan (or the portion thereof which is attributable to such purpose), when added to the aggregate principal balance of any outstanding loans insured under this subsection or section 203(k) which were made to the same borrower for the purpose so specified (or the portion of such aggregate balance which is attributable to such purpose), would exceed \$10,000 or such additional amount as the **[Commissioner]** *Secretary* has by regulation prescribed in any geographical area where he finds cost levels so require pursuant to the authority vested in him by the proviso in paragraph (2)(i) of this subsection.

HOUSING FOR MODERATE INCOME AND DISPLACED FAMILIES

Sec. 221 (a) This section is designed to assist private industry in providing housing for low and moderate income families and families displaced from urban renewal areas or as a result of governmental action.

(b) The **[Commissioner]** *Secretary* is authorized, upon application by the mortgagee, to insure under this section as hereinafter provided any mortgage (including advances during construction on mortgages covering property of the character described in paragraphs (3) and

(4) of subsection (d) of this section) which is eligible for insurance as provided herein and, upon such terms and conditions as the **[Commissioner]** *Secretary* may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

(c) As used in this section, the terms "mortgage", "first mortgage", "mortgagee", "mortgagor", "maturity date" and "State" shall have the same meaning as in section 201 of this Act.

(d) To be eligible for insurance under this section, a mortgage shall—

(1) have been made to and be held by a mortgagee approved by the **[Commissioner]** *Secretary* as responsible and able to service the mortgage properly;

(2) be secured by property upon which there is located a dwelling conforming to applicable standards prescribed by the **[Commissioner]** *Secretary* under subsection (f) of this section, and meeting the requirements of all State laws, or local ordinances or regulations, relating to the public health or safety, zoning, or otherwise, which may be applicable thereto, and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the **[Commissioner]** *Secretary* shall approve) in an amount (A) not to exceed (i) \$11,000 in the case of a property upon which there is located a dwelling designed principally for a single-family residence, (ii) \$18,000 in the case of a property upon which there is located a dwelling designed principally for a two-family residence, (iii) \$27,000 in the case of a property upon which there is located a dwelling designed principally for a three-family residence, or (iv) \$33,000 in the case of a property upon which there is located a dwelling designed principally for a four-family residence; *Provided*, That a mortgage secured by property upon which there is located a dwelling designed principally for a two-, three-, or four-family residence shall not be insured under this section except in the case of a dwelling for occupancy by a family displaced from an urban renewal area or as a result of governmental action: *Provided further*, That the **[Commissioner]** *Secretary* may increase the foregoing amounts to not to exceed \$15,000, \$25,000, \$32,000, and \$38,000, respectively, in any geographical area where he finds that cost levels so require; and (B) not to exceed the appraised value of the property (as of the date the mortgage is accepted for insurance): *Provided*, That (i) if the mortgagor is the owner and an occupant of the property at the time of insurance, (1) in the case of a family displaced from an urban renewal area or as a result of Government action, he shall have paid on account of the property at least \$200 in the case of a single-family dwelling, \$400 in the case of a two-family dwelling, \$600 in the case of a three-family dwelling, and \$800 in the case of a four-family dwelling, or (2) in the case of any other family, he shall have paid on account of the property at least 3 per centum of the **[Commissioner's]** *Secretary's* estimate of its acquisition cost; which amount in either instance may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other pre-

paid expenses; or (ii) in the case of repair and rehabilitation, the amount of the mortgage shall not exceed the sum of the estimated cost of repair and rehabilitation and the [Commissioner's] *Secretary's* estimate of the value of the property before repair and rehabilitation, except that in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the [Commissioner] required to refinance existing indebtedness secured by the property: *Provided further*, That nothing contained herein shall preclude the [Commissioner] *Secretary* from issuing a commitment to insure, and insuring a mortgage pursuant thereto, where the mortgagor is not the owner and an occupant of the property, if the property is to be built or acquired and repaired or rehabilitated for sale, and the insured mortgage financing is required to facilitate the construction, or the repair or rehabilitation, of the dwelling and to provide financing pending the subsequent sale thereof to a qualified owner who is also an occupant thereof, but in such instances the mortgage shall not exceed 85 per centum of the appraised value; or

(3) if executed by a mortgagor which is a public body or agency (and which certifies that it is not receiving financial assistance from the United States exclusively pursuant to the United States Housing Act of 1937), a cooperative (including an investor-sponsor who meets such requirements as the [Commissioner] *Secretary* may impose to assure that the consumer interest is protected), or a limited dividend corporation (as defined by the [Commissioner] *Secretary*), or a private nonprofit corporation or association, or other mortgagor approved by the [Commissioner] *Secretary*, and regulated or supervised under Federal or State laws or by political subdivisions of States, or agencies thereof, or by the [Commissioner] *Secretary* under a regulatory agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such manner as in the opinion of the [Commissioner] *Secretary* will effectuate the purposes of this section—

(i) not exceed \$12,500,000;

(ii) not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the [Commissioner] *Secretary*), \$8,000 per family unit without a bedroom, \$11,250 per family unit with one bedroom, \$13,500 per family unit with two bedrooms, \$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms; except that as to projects to consist of elevator-type structures the [Commissioner] *Secretary* may, in this discretion, increase the dollar amount limitations per family unit to not to exceed \$9,500 per family unit without a bedroom, \$13,500 per family unit with one bedroom, \$16,000 per family unit with two bedrooms, \$20,000 per family unit with three bedrooms, and \$22,750 per family unit with four or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; and except that the [Commis-

sioner] *Secretary* may, by regulation, increase any of the foregoing dollar amount limitations contained in this clause by not to exceed 45 per centum in any geographical area where he finds that cost levels so require; and

(iii) not exceed (1) in the case of new construction, the amount which the [Commissioner] *Secretary* estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the [Commissioner] *Secretary*), or (2) in the case of repair and rehabilitation, the sum of the estimated cost of repair and rehabilitation and the [Commissioner's] *Secretary's* estimate of the value of the property before repair and rehabilitation: *Provided*, That in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the [Commissioner] *Secretary*) required to refinance existing indebtedness secured by the property or project: *Provided further*, That in the case of any mortgagor other than a nonprofit corporation or association, cooperative (including an investor-sponsor), or public body, or a mortgagor meeting the special requirements of subsection (e) (1), the amount of the mortgage shall not exceed 90 per centum of the amount otherwise authorized under this section: *Provided further*, That such property or project, when constructed, or repaired and rehabilitated, shall be for use as a rental or cooperative project, and low and moderate income families or families displaced by urban renewal or other governmental action shall be eligible for occupancy in accordance with such regulations and procedures as may be prescribed by the [Commissioner] *Secretary* and the [Commissioner] *Secretary* may adopt such requirements as he determines to be desirable regarding consultation with local public officials where such consultation is appropriate by reason of the relationship of such project to projects under other local programs; or

(4) if executed by a mortgagor other than a mortgagor referred to in subsection (d) (3), and which is approved by the [Commissioner] *Secretary*—

(i) not exceed \$12,500,000;

(ii) not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the [Commissioner] *Secretary*), \$8,000 per family unit without a bedroom, \$11,250 per family unit with one bedroom, \$13,500 per family unit with two bedrooms, \$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms; except that as to projects to consist of elevator-type structures the [Commissioner] *Secretary* may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$9,500 per family unit without a bedroom, \$13,500 per family unit with one bedroom, \$16,000 per family unit with two bedrooms, \$20,000 per family unit with three

bedrooms, and \$22,750 per family unit with four or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; and except that the [Commissioner] *Secretary* may, by regulation, increase any of the foregoing dollar amount limitations contained in this clause by not to exceed 45 per centum in any geographical area where he finds that cost levels so require;

(iii) not exceed (in the case of a property or project approved for mortgage insurance prior to the beginning of construction) 90 per centum of the amount which the [Commissioner] *Secretary* estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the [Commissioner] *Secretary*, and shall include an allowance for builder's and sponsor's profit and risk of 10 per centum of all of the foregoing items, except the land, unless the [Commissioner] *Secretary*, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage); and

(iv) not exceed 90 per centum of the sum of the estimated cost of repair and rehabilitation and the [Commissioner's] *Secretary's* estimate of the value of the property before repair and rehabilitation if the proceeds of the mortgage are to be used for the repair and rehabilitation of a property or project: *Provided*, That in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the [Commissioner] *Secretary*) required to refinance existing indebtedness secured by the Property or project: *Provided further*, That the [Commissioner] *Secretary* may, in his discretion, require the mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation, and for such purpose the [Commissioner] *Secretary* may make such contracts with and acquire for not to exceed \$100 such stock or interest in any such mortgagor as the [Commissioner] *Secretary* may deem necessary to render effective such restrictions or regulations, with such stock or interest being paid for out of the General Insurance Fund and being required to be redeemed by the mortgagor at par upon the termination of all obligations of the [Commissioner] *Secretary* under the insurance;

(5) bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the [Commissioner] *Secretary* finds necessary to meet the mortgage market; and contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delin-

quency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the **【Commissioner】 Secretary** may in his discretion prescribe: *Provided*, That a mortgage insured under the provisions of subsection (d) (3) shall bear interest (exclusive of any premium charges for insurance and service charge, if any) at not less than the lower of (A) 3 per centum per annum, or (B) the annual rate of interest determined, from time to time by the Secretary of the Treasury at the request of the **【Commissioner】 Secretary**, by estimating the average market yield to maturity on all outstanding marketable obligations of the United States, and by adjusting such yield to the nearest one-eighth of 1 per centum, and there shall be no differentiation in the rate of interest charged under this proviso as between mortgagors under subsection (d) (3) on the basis of differences in the types or classes of such mortgagors; and

(6) provide for complete amortization by periodic payments within such terms as the **【Commissioner】 Secretary** may prescribe, but as to mortgages coming within the provisions of subsection (d) (2) not to exceed from the date of the beginning of amortization of the mortgage (i) 40 years in the case of a family displaced from an urban renewal area or as a result of governmental action, (ii) 35 years in the case of any other family if the mortgage is approved for insurance prior to construction, except that the period in such case may be increased to not more than 40 years where the mortgagor is an owner-occupant of the property and is not able, as determined by the **【Commissioner】 Secretary**, to make the required payments under a mortgage having a shorter amortization period, and (iii) 30 years in the case of any other family where the mortgage is not approved for insurance prior to construction: *Provided*, That no mortgage insured under subsection (d) (2) shall have a maturity exceeding three-quarters of the **【Commissioner's】 Secretary's** estimate of the remaining economic life of the building improvements.

(e) (1) A mortgagor which may be approved by the **【Commissioner】 Secretary** as provided in subsection (d) (3) includes a mortgagor which, as a condition of obtaining insurance of the mortgage and prior to the submission of its application for such insurance, has entered into an agreement (in form and substance satisfactory to the **【Commissioner】 Secretary**) with a private nonprofit corporation eligible for an insured mortgage under the provisions of subsection (d) (3), that the mortgagor will sell the project when it is completed to the corporation at the actual cost of the project, as certified pursuant to section 227 of this Act. The mortgagor to whom the property is sold shall be regulated or supervised by the **【Commissioner】 Secretary** as provided in subsection (d) (3) to effectuate its purposes.

(2) The **【Commissioner】 Secretary** may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

(f) The property or project shall comply with such standards and conditions as the **【Commissioner】 Secretary** may prescribe to establish

the acceptability of such property for mortgage insurance and may include such commercial and community facilities as the **Commissioner** *Secretary* deems adequate to serve the occupants. A property or project covered by a mortgage insured under the provisions of subsection (d) (3) or (d) (4) shall include five or more family units. The **Commissioner** *Secretary* is authorized to adopt such procedures and requirements as he determines are desirable to assure that the dwelling accommodations provided under this section are available to families displaced from urban renewal areas or as a result of governmental action. Notwithstanding any provision of this Act, the **Commissioner** *Secretary*, in order to assist further the provision of housing for low and moderate income families, in his discretion and under such conditions as he may prescribe, may insure a mortgage which meets the requirements of subsection (d) (3) of this section as in effect after the date of enactment of the Housing Act of 1961, with no premium charge, with a reduced premium charge, or with a premium charge for such period or periods during the time the insurance is in effect as the **Commissioner** *Secretary* may determine, and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to reimburse the General Insurance Fund for any net losses in connection with such insurance. No mortgage shall be insured under this section after October 1, 1969, except pursuant to a commitment to insure before that date, or except a mortgage covering property which the **Commissioner** *Secretary* finds will assist in the provision of housing for families displaced from urban renewal areas or as a result of governmental action. Any person who is sixty-two years of age or over, or who is a handicapped person within the meaning of section 202 of the Housing Act of 1959, shall be deemed to be a family within the meaning of the terms "family" and "families" as those terms are used in this section.

(g) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

(1) as to mortgages meeting the requirements of paragraph (2) of subsection (d) of this section, as provided in section 204(a) of this Act with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 of this Act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the General Insurance Fund and all references therein to section 203 shall be construed to refer to this section; or

(2) as to mortgages meeting the requirements of paragraph (3) or (4) of subsection (d) of this section, as provided in section 207 (g) of this Act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this Act shall be applicable to such mortgages insured under this section; or

(3) as to mortgages meeting the requirements of this section which are insured or initially endorsed for insurance on or after the date of enactment of the Housing Act of 1961, notwithstand-

ing the provisions of paragraphs (1) and (2) of this subsection, the **[Commissioner]** *Secretary* in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such paragraphs in cash or in debentures (as provided in the mortgage insurance contract), or may acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the **[Commissioner]** *Secretary* and made previously by the mortgagee under the provisions of the mortgage, and after the acquisition of any such mortgage by the **[Commissioner]** *Secretary* the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan. The appropriate provisions of sections 204 and 207 relating to the issuance of debentures shall apply with respect to debentures issued under this paragraph, and the appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the **[Commissioner]** *Secretary* when he has acquired an insured mortgage under this paragraph, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the **[Commissioner]** *Secretary*, except that as applied to mortgages so acquired (A) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the General Insurance Fund, and (B) all references in section 204 to section 203 shall be construed to refer to this section. If the insurance is paid in cash, there shall be added to such payment an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the **[Commissioner]** *Secretary*.

(4) In the event any mortgage insured under this section is not in default at the expiration of twenty years from the date the mortgage was endorsed for insurance, the mortgagee shall, within a period thereafter to be determined by the **[Commissioner]** *Secretary*, have the option to assign, transfer, and deliver to the **[Commissioner]** *Secretary* the original credit instrument and the mortgage securing the same and receive the benefits of the insurance as hereinafter provided in this paragraph, upon compliance with such requirements and conditions as to the validity of the mortgage as a first lien and such other matters as may be prescribed by the **[Commissioner]** *Secretary* at the time the loan is endorsed for insurance. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for insurance shall cease, and the **[Commissioner]** *Secretary* shall, subject to the cash adjustment provided herein, issue to the mortgagee debentures having a total face value equal to the amount of the original principal obligation of the mortgage which was unpaid on the date of the assignment, plus accrued interest to such date. Debentures issued pursuant to this paragraph shall be issued in the same manner and subject to the same terms

and conditions as debentures issued under paragraph (1) of this subsection, except that the debentures issued pursuant to this paragraph shall be dated as of the date the mortgage is assigned to the **[Commissioner]** *Secretary*, shall mature ten years after such date, and shall bear interest from such date at the going Federal rate determined at the time of issuance. The term "going Federal rate" as used herein means the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (consisting of January through June or July through December) which includes the issuance date of such debentures, which applicable rate for each six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of eight to twelve years from the first day of such month of May or November (or, if no such obligations are outstanding, the obligation next shorter than eight years and the obligation next longer than twelve years, respectively, shall be used), and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum. The **[Commissioner]** *Secretary* shall have the same authority with respect to mortgages assigned to him under this paragraph as contained in section 207(k) and section 207(l) as to mortgages insured by the **[Commissioner]** *Secretary* and assigned to him under section 207 of this Act.

MORTGAGE INSURANCE FOR SERVICEMEN

SEC. 222. (a) The purpose of this section is to aid in the provision of housing accommodations for servicemen in the Armed Forces of the United States and their families, and servicemen in the United States Coast Guard and their families, by supplementing the insurance of mortgages under section 203 of this title with a system of mortgage insurance specially designed to assist the financing required for the construction or purchase of dwellings by those persons. As used in this section, a "serviceman" means a person to whom the Secretary of Defense (or any officer or employee designated by him), or the Secretary of the Treasury (or any officer or employee designated by him), as the case may be, has issued a certificate hereunder indicating that such person requires housing, is serving on active duty in the Armed Forces of the United States or in the United States Coast Guard and has served on active duty for more than two years, but a certificate shall not be issued hereunder to any person ordered to active duty for training purposes only. The Secretary of Defense and the Secretary of the Treasury, respectively, are authorized to prescribe rules and regulations governing the issuance of such certificates and may withhold issuance of more than one such certificate to a serviceman whenever in his discretion issuance is not justified due to circumstances resulting from military assignment, or, in the case of the United States Coast Guard, other assignment.

(b) To be eligible for insurance under this section a mortgage shall

(1) meet the requirements of section 203(b) or 203(i), or 221(d)(2), except as such requirements are modified by this section;

(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the **[Commissioner]** *Secretary* shall approve) in an amount not to exceed \$30,000, except that in the case of a mortgage meeting the requirements of section 203(i) or section 221(d)(2) such principal obligation shall not exceed the maximum limits prescribed for such section;

(3) have a principal obligation not in excess of the sum of (i) 97 per centum of \$15,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of \$15,000 but not in excess of \$20,000, and (iii) 85 per centum of such value in excess of \$20,000; and

(4) be executed by a mortgagor who at the time of application for insurance is certified as a "serviceman" and who at the time of insurance is the owner of the property and either occupies the property or certifies that his failure to do so is the result of his military assignment, or, in the case of the United States Coast Guard, other assignment.

(c) The **[Commissioner]** *Secretary* may prescribe the manner in which a mortgage may be accepted for insurance under this section. Premiums fixed by the **[Commissioner]** *Secretary* under section 203 with respect to, or payable during, the period of ownership by a serviceman of the property involved shall not be payable by the mortgagee but shall be paid not less frequently than once each year, upon request of the **[Commissioner]** *Secretary* to the Secretary of Defense or the Secretary of the Treasury, as the case may be, from the respective appropriations available for pay and allowances of persons eligible for mortgage insurance under this section. As used herein, "the period of ownership by a serviceman" means the period, for which premiums are fixed, prior to the date that the Secretary of Defense (or any officer or employee or other person designated by him) or the Secretary of the Treasury (or any officer or employee or other person designated by him), as the case may be, furnishes the **[Commissioner]** *Secretary* with a certification that such ownership (as defined by the **[Commissioner]** *Secretary*) has terminated.

(d) Any mortgagee under a mortgage insured under this section is entitled to the benefits of the insurance as provided in section 204 (a) with respect to mortgages insured under section 203.

(e) The provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall apply to mortgages insured under this section, except that as applied to those mortgages (1) all references to the "Fund", or "Mutual Mortgage Insurance Fund", shall refer to the General Insurance Fund, and (2) all references to "section 203" shall refer to this section.

MISCELLANEOUS HOUSING INSURANCE

SEC. 223. (a) Notwithstanding any of the provisions of this title, and without regard to limitations upon eligibility contained in section 203, 207, 213, 220, 221, 222, 231, 232, or 233 the **[Commissioner]** *Secre-*

tary is authorized, upon application by the mortgagee, to insure or make commitments to insure under section 203, 207, 213, 220, 221, 222, 231, 232, or 233 of this title any mortgage—

(1) executed in connection with the sale by the Government, or any agency or official thereof, of any housing acquired or constructed under Public Law 849, Seventy-sixth Congress, as amended; Public Law 781, Seventy-sixth Congress, as amended; or Public Laws 9, 73, or 353, Seventy-seventh Congress, as amended (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof); or

(2) executed in connection with the sale by the [Public Housing Administration] *Secretary of Housing and Urban Development*, or by any public housing agency with the approval of the [said Administration] *Secretary* of any housing (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof) owned or financially assisted pursuant to the provisions of Public Law 671, Seventy-sixth Congress; or

(3) executed in connection with the sale by the Government, or any agency or official thereof, of any of the so-called Greenbelt towns, or parts thereof, including projects, or parts thereof, known as Greenhills, Ohio; Greenbelt, Maryland; and Greendale, Wisconsin, developed under the Emergency Relief Appropriation Act of 1935, or of any of the village properties or employee's housing under the jurisdiction of the Tennessee Valley Authority, or of any housing under the jurisdiction of the Department of the Interior located within the town area of Coulee Dam, Washington, acquired by the United States for the construction, operation, and maintenance of Grand Coulee Dam and its appurtenant works: *Provided*, That for the purpose of the application of this title to sales by the Secretary of the Interior pursuant to subsections 3(b)(1) and 3(b)(2) of the Coulee Dam Community Act of 1957,⁶ the selling price of the property involved shall be deemed to be the appraised value, or of any permanent housing under the jurisdiction of the Department of the Interior constructed under the Boulder Canyon Project Act of December 21, 1928, as amended and supplemented, located within the Boulder City municipal area: *Provided*, That for purposes of the application of this title to sales by the Secretary of the Interior pursuant to subsections 3(b)(1) and 3(b)(2) of the Boulder City Act of 1958, the selling price of the property involved shall be deemed to be the appraised value; or

(4) executed in connection with the sale by the Government or any agency or official thereof, of any housing (including any property acquired, held, or constructed in connection therewith or to serve the inhabitants thereof) pursuant to the Atomic Energy Community Act of 1955, as amended: *Provided*, That such insurance shall be issued without regard to any preferences or priorities except those prescribed by this Act or the Atomic Energy Community Act of 1955, as amended; or

(5) executed in connection with the sale by a State or municipality, or an agency, instrumentality, or political subdivision of

either, of a project consisting of any permanent housing (including any property acquired, held, or constructed in connection therewith or to serve the inhabitants thereof), constructed by or on behalf of such State, municipality, agency, instrumentality, or political subdivision, for the occupancy of veterans of World War II, or Korean veterans, their families, and others; or

(6) executed in connection with the first resale, within two years from the date of its acquisition from the Government, of any portion of a project or property of the character described in paragraphs (1), (2), (3), and (4) above; or

(7) given to refinance an existing mortgage insured under this Act: *Provided*, That the principal amount of any such refinancing mortgage shall not exceed the original principal amount or the unexpired term of such existing mortgage and shall bear interest at a rate not in excess of the maximum rate applicable to loans insured under section 203, 207, 213, 220, 221, 222, 231, 232, or 233, as the case may be, except that in any case involving the refinancing of a loan in which the [Commissioner] *Secretary* determines that the insurance of a mortgage for an additional term will inure to the benefit of the applicable insurance fund, taking into consideration the outstanding insurance liability under the existing insured mortgage, such refinancing mortgage may have a term not more than twelve years in excess of the unexpired term of such existing insured mortgage: *Provided further*, That a mortgage of the character described in paragraphs (1) through (6) of this subsection shall have a maturity, a principal obligation, and an interest rate not in excess of the maximums applicable to loans insured under section 203, 207, 213, 220, 221, 222, 231, 232, or 233, as the case may be, except that in no case may the principal obligation of a mortgage referred to in paragraph (5) of this subsection exceed 90 per centum of the appraised value of the mortgaged property; or

(8) executed in connection with the sale by the [Commissioner] *Secretary* of any housing acquired pursuant to section 108 of the Housing and Urban Developing Act of 1965.

(b) Notwithstanding any of the provisions of this title and without regard to limitations upon eligibility contained in section 221, the [Commissioner] *Secretary* may in his discretion insure under section 221(d) (3) any mortgage executed by a mortgagor of the character described therein where such mortgage is given to refinance a mortgage covering an existing property or project (other than a one- to four-family structure) located in an urban renewal area, if the [Commissioner] *Secretary* finds that such insurance will facilitate the occupancy of dwelling units in the property or project by families of low or moderate income or families displaced from an urban renewal area or displaced as a result of governmental action.

(c) The [Commissioner] *Secretary* shall also have authority to insure under this title any mortgage assigned to him in connection with payment under a contract of mortgage insurance or executed in connection with the sale by him of any property acquired under title I, title II, title VI, title VII, title VIII, or title IX without regard to any limitations or requirements contained in this title upon the eligibility of the mortgage, upon the payment of insurance premiums, or

upon the terms and conditions of insurance settlement and the benefits of the insurance to be included in such settlement (except that in any case the payment of insurance shall be in debentures).

(d) With respect to any mortgage, other than a mortgage covering a one- to four-family structure, heretofore or hereafter insured by the **[Commissioner]** *Secretary*, and notwithstanding any other provision of this Act, when the taxes, interest on the mortgage debt, mortgage insurance premiums, hazard insurance premiums, and the expense of maintenance and operation of the project covered by such mortgage during the first two years following the date of completion of the project, as determined by the **[Commissioner]** *Secretary*, exceed the project income, the **[Commissioner]** *Secretary* may, in his discretion and upon such terms and conditions as he may prescribe, permit the excess of the foregoing expenses over the project income to be added to the amount of such mortgage, and extend the coverage of the mortgage insurance thereto, and such additional amount shall be deemed to be part of the original face amount of the mortgage.

DEBENTURE INTEREST RATE

SEC. 224. Notwithstanding any other provisions of this Act, debentures issued under any section of this Act with respect to a loan or mortgage accepted for insurance on or after thirty days following the effective date of the Housing Act of 1954 (except debentures issued pursuant to paragraph (4) of section 221(g)) shall bear interest at the rate in effect on the date the commitment to insure the loan or mortgage was issued, or the date the loan or mortgage was endorsed for insurance, or (when there are two or more insurance endorsements) the date the loan or mortgage was initially endorsed for insurance, whichever rate is the highest, except that debentures issued pursuant to section 220(f), section 220(h)(7), section 221(g), or section 233 may, at the discretion of the **[Commissioner]** *Secretary*, bear interest at the rate in effect on the date they are issued.

The **[Commissioner]** *Secretary* shall from time to time, with the approval of the Secretary of the Treasury, establish such interest rate in an amount not in excess of the annual rate of interest determined by the Secretary of the Treasury, at the request of the **[Commissioner]** *Secretary*, by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the calendar month next preceding the establishment of such rate of interest, on all outstanding marketable obligations of the United States having a maturity date of fifteen years or more from the first day of such next preceding month, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum.

OPEN-END MORTGAGES

SEC. 225. Notwithstanding any other provisions of this Act, in connection with any mortgage insured pursuant to any section of this Act which covers a property upon which there is located a dwelling designed principally for residential use for not more than four families in the aggregate, the **[Commissioner]** *Secretary* is authorized, upon such terms and conditions as he may prescribe, to insure under said section the amount of any advance for the improvement or repair of

such property made to the mortgagor pursuant to an "open-end" provision in the mortgage, and to add the amount of such advance to the original principal obligation in determining the value of the mortgage for the purpose of computing the amounts of debentures and certificate of claim to which the mortgagee may be entitled: *Provided*, That the **[Commissioner]** *Secretary* may require the payment of such charges, including charges in lieu of insurance premiums, as he may consider appropriate for the insurance of such "open-end" advances: *Provided further*, That only advances for such improvements or repairs as substantially protect or improve the basic livability or utility of the property involved shall be eligible for insurance under this section: *Provided further*, That no such advance shall be insured under this section if the amount thereof plus the amount of the unpaid balance of the original principal obligation of the mortgage would exceed the amount of such original principal obligation unless the mortgagor certifies that the proceeds of such advance will be used to finance the construction of additional rooms or other enclosed space as a part of the dwelling: *And provided further*, That the insurance of "open-end" advances shall not be taken into account in determining the aggregate amount of principal obligations of mortgages which may be insured under this Act.

[FHA] APPRAISAL AVAILABLE TO HOME BUYERS

SEC. 226. The **[Commissioner]** *Secretary* is hereby authorized and directed to require that, in connection with any property upon which there is located a dwelling designed principally for a single-family residence or a two-family residence and which is approved for mortgage insurance under section 203, 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered (2) of subsection (a) thereof, 220, 221, 222, 233, 243, or 903 of this Act, the seller or builder or such other person as may be designated by the **[Commissioner]** *Secretary* shall agree to deliver, prior to the sale of the property, to the person purchasing such dwelling for his own occupancy, a written statement setting forth the amount of the appraised value of the property as determined by the **[Commissioner]** *Secretary*. This section shall not apply in any case where the mortgage involved was insured or the commitment for such insurance was issued prior to the effective date of the Housing Act of 1954. Notwithstanding the first sentence of this section, the **[Commissioner]** *Secretary* is authorized to require, in connection with any mortgage where the mortgage amount is computed on the basis of the **[Commissioner's]** *Secretary's* estimate of the replacement cost of the property, or on the basis of any other estimates of the **[Commissioner]** *Secretary*, that a written statement setting forth such estimate or estimates, as the case may be, be furnished under this section in lieu of a written statement setting forth the amount of the appraised value of the property.

BUILDER'S COST CERTIFICATION

SEC. 227. Notwithstanding any other provisions of this Act, no mortgage covering new or rehabilitated multifamily housing shall be insured under this Act unless the mortgagor has agreed (a) to cer-

tify, upon completion of the physical improvements on the mortgaged property or project and prior to final endorsement of the mortgage, either (i) that the approved percentage of actual cost (as those terms are herein defined) equaled or exceeded the proceeds of the mortgage loan or (ii) the amount by which the proceeds of the mortgage loan exceeded such approved percentage of actual cost, as the case may be, and (b) to pay forthwith to the mortgagee, for application to the reduction of the principal obligation of such mortgage, the amount, if any, certified to be in excess of such approved percentage of actual cost. Upon the **[Commissioner's]** *Secretary's* approval of the mortgagor's certification as required hereunder, such certification shall be final and incontestable, except for fraud or material misrepresentation on the part of the mortgagor. As used in this section—

(a) The term "new or rehabilitated multifamily housing" means a project or property approved for mortgage insurance prior to the construction or the repair and rehabilitation involved and covered by a mortgage insured or to be insured (i) under section 207, (ii) under section 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) thereof or with respect to any property or project of a mortgagor of the character described in paragraph (3) of subsection (a) thereof, (iii) under section 220 if the mortgage meets the requirements of paragraph (3)(B) of subsection (d) thereof, (iv) under section 221 if the mortgage meets the requirements of paragraph (3) or paragraph (4) of subsection (d) thereof, (v) under section 231, (vi) under section 233 if the mortgage meets the requirements of subsection (b)(2), (vii) under section 810 if the mortgage meets the requirements of subsection (f), or (viii) under section 234(d);

(b) The term "approved percentage" means the percentage figure which, under applicable provisions of this Act, the **[Commissioner]** *Secretary* is authorized to apply to his estimate of value, cost, or replacement cost, as the case may be, of the property or project in determining the maximum insurable mortgage amount; except that if the mortgage is to assist the financing of repair or rehabilitation and no part of the proceeds will be used to finance the purchase of the land or structure involved, the approved percentage shall be 100 per centum; and

(c) The term "actual cost" has the following meaning: (i) in case the mortgage is to assist the financing of new construction, the term means the actual cost to the mortgagor of such construction, including amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organizational and legal expenses, such allocations of general overhead items as are acceptable to the **[Commissioner]** *Secretary*, and other items of expense approved by the **[Commissioner]** *Secretary*, plus (1) a reasonable allowance for builder's profit if the mortgagor is also the builder as defined by the **[Commissioner]** *Secretary*, and (2) an amount equal to the **[Commissioner's]** *Secretary's* estimate of the fair market value of any land (prior to the construction of the improvements built as a part of the project) in the property or project owned by the mortgagor in fee (or, in case the land in the property or project is held by the mortgagor under a leasehold or other interest less than a fee, such amount as the

mortgagor paid for the acquisition of such leasehold or other interest but, in no event, in excess of the fair market value of such leasehold or other interest exclusive of the proposed improvements), but excluding the amount of any kickbacks, rebates, or trade discounts received in connection with the construction of the improvements, or (ii) in case the mortgage is to assist the financing of repair or rehabilitation, the term means the actual cost to the mortgagor of such repair or rehabilitation, including the amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organization and legal expenses, such allocations of general overhead items as are acceptable to the [Commissioner] *Secretary*, and other items of expense approved by the [Commissioner] *Secretary*, plus (1) a reasonable allowance for builder's profit if the mortgagor is also the builder as defined by the [Commissioner] *secretary*, and (2) an additional amount equal to (A) in case the land and improvements are to be acquired by the mortgagor and the purchase price thereof is to be financed with part of the proceeds of the mortgage, the purchase price of such land and improvements prior to such repair or rehabilitation, or (B) in case the land and improvements are owned by the mortgagor subject to an outstanding indebtedness to be refinanced with part of the proceeds of the mortgage, the amount of such outstanding indebtedness secured by such land and improvements, but excluding (for the purposes of this clause (ii)) the amount of any kickbacks, rebates, or trade discounts received in connection with the construction of the improvements: *Provided*, That such additional amount under (A) of this clause (ii) shall in no event exceed the [Commissioner's] *Secretary's* estimate of the fair market value of such land and improvements prior to such repair or rehabilitation, and such additional amount under (B) of this clause (ii) shall in no event exceed the approved percentage of the [Commissioner's] *Secretary's* estimate of the fair market value of such land and improvements prior to such repair or rehabilitation. In the case of a mortgage insured under section 220, section 221 (d) (3), section 221(d) (4), section 231, or section 233 (b) (2), where the mortgagor is also the builder as defined by the [Commissioner] *Secretary*, there shall be included in the actual cost, in lieu of the allowance for builder's profit under clause (i) or (ii) of the preceding sentence, an allowance for builder's and sponsor's profit and risk of 10 per centum (unless the [Commissioner] *Secretary*, after finding that such allowance is unreasonable, shall by regulation prescribe a lesser percentage) of all other items entering into the term "actual cost" except land or amounts paid for a leasehold and amounts included under either (A) or (B) of clause (ii) of the preceding sentence. In the case of a mortgage insured under section 220, section 221(d) (3), section 221 (d) (4), section 231, or section 233(b) (2), where the mortgagor is not also the builder as defined by the [Commissioner] *Secretary*, there shall be included in the actual cost an allowance for sponsor's profit and risk of the said 10 per centum or lesser percentage of all other items entering into the term "actual cost" except land or amounts paid for a leasehold, amounts included under either (A) or (B) of the said clause (ii), and amounts paid by the mortgagor under a general construction contract.

SEC. 228. Repealed.

VOLUNTARY TERMINATION OF INSURANCE

SEC. 229. Notwithstanding any other provision of this Act and with respect to any loan or mortgage heretofore or hereafter insured under this Act, except under section 2, the [Commissioner] *Secretary* is authorized to terminate any insurance contract upon request by the borrower or mortgagor and the financial institution or mortgagee and upon payment of such termination charge as the [Commissioner] *Secretary* determines to be equitable, taking into consideration the necessity of protecting the various insurance Funds. Upon such termination, borrowers and mortgagors and financial institutions and mortgagees shall be entitled to the rights, if any, to which they would be entitled under this Act if the insurance contract were terminated by payment in full of the insurable loan or mortgage.

ACQUISITION OF MORTGAGES TO AVOID FORECLOSURE

SEC. 230. Upon receiving notice of the default of any mortgage covering a one-, two-, three-, or four-family residence heretofore or hereafter insured under this Act, the [Commissioner] *Secretary* in his discretion and for the purpose of avoiding foreclosure of the mortgage, and notwithstanding the fact that he has previously approved a request of the mortgagee for an extension of the time for curing the default and of the time for commencing foreclosure proceedings or for otherwise acquiring title to the mortgaged property, or has approved a modification of the mortgage for the purpose of changing the amortization provisions by recasting the unpaid balance, may acquire the loan and security therefor upon payment of the insurance benefits in an amount equal to the unpaid principle balance of the loan plus any unpaid mortgage interest plus reimbursement for such costs and attorney's fees as the [Commissioner] *Secretary* finds were properly incurred in connection with the defaulted mortgage and its assignment to the [Commissioner] *Secretary*, and for any proper advances theretofore made by the mortgagee under the provisions of the mortgage. After the acquisition of such mortgage by the [Commissioner] *Secretary*, the mortgagee shall have no further rights, liabilities, or obligations with respect thereto. The provisions of section 204 relating to the issuance of debentures incident to the acquisition of foreclosed properties shall apply with respect to debentures issued under this subsection, and the provisions of section 204 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the [Commissioner] *Secretary* when he has acquired an insured mortgage under this section, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the [Commissioner] *Secretary*.

HOUSING FOR ELDERLY PERSONS

SEC. 231. (a) The purpose of this section is to assist in relieving the shortage of housing for elderly persons and to increase the supply of rental housing for elderly persons.

For the purposes of this section—

(1) the term “housing” means eight or more new or rehabilitated living units, not less than 50 per centum of which are specially designed for the use and occupancy of elderly persons;

(2) the term “elderly person” means any person, married or single, who is sixty-two years of age or over; and

(3) the terms “mortgage,” “mortgagee,” “mortgagor,” and “maturity date” shall have the meanings respectively set forth in section 207 of this Act.

(b) The **Commissioner** *Secretary* is authorized to insure any mortgage (including advances on mortgages during construction) in accordance with the provisions of this section upon such terms and conditions as he may prescribe and to make commitments for insurance of such mortgages prior to the date of their execution or disbursement thereon.

(c) To be eligible for insurance under this section, a mortgage to provide housing for elderly persons shall—

(1) involve a principal obligation in an amount not to exceed \$12,500,000 or, if executed by Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or nonprofit development or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation, not to exceed \$50,000,000;

(2) not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the **Commissioner** *Secretary*), \$8,000 per family unit without a bedroom, \$11,250 per family unit with one bedroom, \$13,500 per family unit with two bedrooms, \$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms; except that as to projects to consist of elevator-type structures the **Commissioner** *Secretary* may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$9,500 per family unit without a bedroom, \$13,500 per family unit with one bedroom, \$16,000 per family unit with two bedrooms, \$20,000 per family unit with three bedrooms, and \$22,750 per family unit with four or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; and except that the **Commissioner** *Secretary* may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed 45 per centum in any geographical area where he finds that cost levels so require;

(3) if executed by a mortgagor which is a public instrumentality or a private nonprofit corporation or association or other acceptable private nonprofit organization regulated or supervised under Federal or State laws or by political subdivisions of States, or agencies thereof, or by the **Commissioner** *Secretary* under a regulatory agreement or otherwise, as to rents, charges, and methods of operation in such form and in such manner as, in the opinion of the **Commissioner** *Secretary*, will effectuate the purpose

of this section, involve a principal obligation not in excess of the amount which the **[Commissioner]** *Secretary* estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the **[Commissioner]** *Secretary*): *Provided*, That in the case of properties other than new construction, the principal obligation shall not exceed the appraised value rather than the **[Commissioner's]** *Secretary's* estimate of the replacement cost;

(4) if executed by a mortgagor which is approved by the **[Commissioner]** *Secretary* but is not a public instrumentality or a private nonprofit organization, involve a principal obligation not in excess (in the case of a property or project approved for mortgage insurance prior to the beginning of construction) of 90 per centum of the amount which the **[Commissioner]** *Secretary* estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement costs may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the **[Commissioner]** *Secretary*, and shall include an allowance for builder's and sponsor's profit and risk of 10 per centum of all of the foregoing items except the land unless the **[Commissioner]** *Secretary*, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage): *Provided*, That in the case of properties other than new construction the principal obligation shall not exceed 90 per centum of the **[Commissioner's]** *Secretary's* estimate of the value of the property or project: *And provided further*, That the **[Commissioner]** *Secretary* may in his discretion require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation, and for such purpose the **[Commissioner]** *Secretary* may make contracts with and acquire for not to exceed \$100 such stock or interest in any such mortgagor as the **[Commissioner]** *Secretary* may deem necessary to render effective such restrictions or regulations; such stock or interest shall be paid for out of the General Insurance Fund and shall be redeemed by the mortgagor at par upon the termination of all obligations of the **[Commissioner]** *Secretary* under the insurance;

(5) provide for a complete amortization by periodic payments within such terms as the **[Commissioner]** *Secretary* shall prescribe;

(6) bear interest (exclusive of premium charges for insurance) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of $5\frac{1}{2}$ per centum as the **[Commissioner]** *Secretary* finds necessary to meet the mortgage market; and

(7) cover a property or project which is approved for mortgage insurance prior to the beginning of construction or rehabilitation, with 50 per centum or more of the units therein specially designed for the use and occupancy of elderly persons in accordance with standards established by the **[Commissioner]** *Secretary*, and which may include such commercial and special facilities as the **[Commissioner]** *Secretary* deems adequate to serve the occupants.

(d) The **[Commissioner]** *Secretary* may consent to the release of a part or parts of the mortgaged property or project from the lien of any mortgage insured under this section upon such terms and conditions as he may prescribe, and shall prescribe such procedures as in his judgment are necessary to secure to elderly persons a preference or priority of opportunity to rent the dwellings included in such property or project.

(e) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 shall apply to mortgages insured under this section and all references therein to section 207 shall refer to this section.

(f) Notwithstanding any of the provisions of this section, the housing provided under this section may include family units which are specially designed for the use and occupancy of any person or family qualifying as a handicapped family as defined in section 202 of the Housing Act of 1959, and such special facilities as the **[Commissioner]** *Secretary* deems adequate to serve handicapped families (as so defined). The **[Commissioner]** *Secretary* may also prescribe procedures to secure to such families preference or priority of opportunity to rent the living units specially designed for their use and occupancy.

MORTGAGE INSURANCE FOR NURSING HOMES

SEC. 232. (a) The purpose of this section is to assist the provision of urgently needed nursing homes for the care and treatment of convalescents and other persons who are not acutely ill and do not need hospital care but who require skilled nursing care and related medical services.

(b) For the purposes of this section—

(1) the term “nursing home” means a proprietary facility, or facility of a private nonprofit corporation or association licensed or regulated by the State (or, if there is no State law providing for such licensing and regulation by the State, by the municipality or other political subdivision in which the facility is located), for the accommodation of convalescents or other persons who are not acutely ill and not in need of hospital care but who require skilled nursing care and related medical services, in which such nursing care and medical services are prescribed by, or are performed under the general direction of, persons licensed to provide such care or services in accordance with the laws of the State where the facility is located; and

(2) the terms “mortgage” and “mortgagor” shall have the meanings respectively set forth in section 207(a) of this Act.

(c) The **[Commissioner]** *Secretary* is authorized to insure any mortgage (including advances on such mortgage during construction)

in accordance with the provisions of this section upon such terms and conditions as he may prescribe and to make commitments for insurance of such mortgage prior to the date of its execution or disbursement thereon.

(d) In order to carry out the purpose of this section, the **[Commissioner]** *Secretary* is authorized to insure any mortgage which covers a new or rehabilitated nursing home, subject to the following conditions:

(1) The mortgage shall be executed by a mortgagor approved by the **[Commissioner]** *Secretary*. The **[Commissioner]** *Secretary* may in his discretion require any such mortgagor to be regulated or restricted as to charges and methods of financing, and, in addition thereto, if the mortgagor is a corporate entity, as to capital structure and rate of return. As an aid to the regulation or restriction of any mortgagor with respect to any of the foregoing matters, the **[Commissioner]** *Secretary* may make such contracts with and acquire for not to exceed \$100 such stock or interest in such mortgagor as he may deem necessary. Any stock or interest so purchased shall be paid for out of the General Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the **[Commissioner]** *Secretary* under the insurance.

(2) The mortgage shall involve a principal obligation in an amount not to exceed \$12,500,000, and not to exceed 90 per centum of the estimated value of the property or project when the proposed improvements are completed.

(3) The mortgage shall—

(A) provide for complete amortization by periodic payments within such terms as the **[Commissioner]** *Secretary* shall prescribe; and

(B) bear interest (exclusive of premium charges for insurance) at not to exceed 5 per centum per annum of the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the **[Commissioner]** *Secretary* finds necessary to meet the mortgage market.

(4) The **[Commissioner]** *Secretary* shall not insure any mortgage under this section unless he has received, from the State agency designated in accordance with section 612(a)(1) of the Public Health Service Act for the State in which is located the nursing home covered by the mortgage, a certification that (1) there is a need for such nursing home, and (2) there are in force in such State or other political subdivision of the State in which the proposed nursing home would be located reasonable minimum standards of licensure and methods of operation for nursing homes. No such mortgage shall be insured under this section unless the **[Commissioner]** *Secretary* has received such assurance as he may deem satisfactory from the State agency that such standards will be applied and enforced with respect to any nursing home located in the State for which mortgage insurance is provided under this section.

(e) The **[Commissioner]** *Secretary* may consent to the release of a part or parts of the mortgaged property or project from the lien of

any mortgage insured under this section upon such terms and conditions as he may prescribe.

(f) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 shall apply to mortgages insured under this section and all references therein to section 207 shall refer to this section.

EXPERIMENTAL HOUSING

SEC. 233. (a) In order to assist in lowering housing costs and improving housing standards, quality, livability, or durability or neighborhood design through the utilization of advanced housing technology, or experimental property standards, the **[Commissioner]** *Secretary* is authorized to insure and to make commitments to insure, under this section, mortgages (including home improvement loans, and including advances on mortgages during construction) secured by properties including dwellings involving the utilization and testing of advanced technology in housing design, materials, or construction, or experimental property standards for neighborhood design if the **[Commissioner]** *Secretary* determines that (1) the property is an acceptable risk, giving consideration to the need for testing advanced housing technology or experimental property standards, (2) the utilization and testing of the advanced technology or experimental property standards involved will provide data or experience which the **[Commissioner]** *Secretary* deems to be significant in reducing housing costs or improving housing standards, quality, livability, or durability, or improving neighborhood design, and (3) the mortgages are eligible for insurance under the provisions of this section and under any further terms and conditions which may be prescribed by the **[Commissioner]** *Secretary* to establish the acceptability of the mortgages for insurance.

(b) To be eligible for insurance under this section, a mortgage shall meet the requirements of one of the other sections of this title; except that, in lieu of determining the appraised value or the replacement cost of the property in cases involving new construction or the estimated cost of repair and rehabilitation or improvement in cases involving existing properties, the **[Commissioner]** *Secretary* shall estimate the cost of replacing the property using comparable conventional design, materials, and construction, and any limitation upon the maximum mortgage amount available to nonoccupant owner shall not, in the discretion of the **[Commissioner]** *Secretary*, be applicable to mortgages insured under this section.

(c) The **[Commissioner]** *Secretary* may enter into such contracts, agreements, and financial undertakings with the mortgagor and others as he deems necessary or desirable to carry out the purposes of this section, and may expend available funds for such purposes, including the correction (when he determines it necessary to protect the occupants), at any time subsequent to insurance of a mortgage, of defects or failures in the dwellings which the **[Commissioner]** *Secretary* finds are caused by or related to the advanced housing technology utilized in their design or construction or experimental property standards.

(d) The **[Commissioner]** *Secretary* may make such investigations and analyses of data, and publish and distribute such reports, as he

determines to be necessary or desirable to assure the most beneficial use of the data and information to be acquired as a result of this section.

(e) Any mortgagee or lender under a mortgage insured under subsection (b) shall be entitled to insurance benefits determined in the same manner as such benefits would be determined if such mortgage or loan were insured under the section of this title for which it otherwise would have been eligible except for the experimental feature of the property involved.

(f) Notwithstanding the provisions of subsection (e) of this section, in the case of default on any mortgage insured under this section, the **[Commissioner]** *Secretary* in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such subsections in cash or in debentures (as provided in the mortgage insurance contract), or may acquire the mortgage loan and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the **[Commissioner]** *Secretary* made previously by the mortgagee under the provisions of the mortgage. After the acquisition of the mortgage by the **[Commissioner]** *Secretary* the mortgagee shall have no further rights, liabilities, or obligations with respect to the mortgage. The appropriate provisions of sections 204 and 207 relating to the issuance of debentures shall apply with respect to debentures issued under this subsection, and the appropriate provisions of sections 204 and 207 relating the rights, liabilities, and obligations of a mortgagee shall apply with respect to the **[Commissioner]** *Secretary* when he has acquired an insured mortgage under this subsection, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the **[Commissioner]** *Secretary*, except that as applied to mortgages insured under this section (1) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the General Insurance Fund, and (2) all references in section 204 to section 203 shall be construed to refer to this section.

MORTGAGE INSURANCE FOR CONDOMINIUMS

SEC. 234. (a) The purpose of this section is to provide an additional means of increasing the supply of privately owned dwelling units where, under the laws of the State in which the property is located, real property title and ownership are established with respect to a one-family unit which is part of a multifamily project.

(b) The terms "mortgage," "mortgagee," "mortgagor," "maturity date," and "State" shall have the meanings respectively set forth in section 201, except that the term "mortgage" for the purpose of subsection (c) may include a first mortgage given to secure the unpaid purchase price of a fee interest in, or a long-term leasehold interest in, a one-family unit in a multifamily project and an undivided interest in the common areas and facilities which serve the project where the

mortgage is determined by the **[Commissioner]** *Secretary* to be eligible for insurance under this section. The term "common areas and facilities" as used in this section shall be deemed to include the land and such commercial, community, and other facilities as are approved by the **[Commissioner]** *Secretary*.

(c) The **[Commissioner]** *Secretary* is authorized, in his discretion and under such terms and conditions as he may prescribe (including the minimum number of family units in the project which shall be offered for sale and provisions for the protection of the consumer and the public interest), to insure any mortgage covering a one-family unit in a multifamily project and an undivided interest in the common areas and facilities which serve the project if (1) the mortgage meets the requirements of this subsection and of section 203(b), except as that section is modified by this subsection, (2) the project is or has been covered by a mortgage insured under any section (except section 213(a) (1) and (2) of this Act, notwithstanding any requirements in any such section that the project be constructed or rehabilitated for the purpose of providing rental housing, and (3) the mortgagor is acquiring, or has acquired, a family unit covered by a mortgage insured under this subsection for his own use and occupancy and will not own more than four one-family units covered by mortgages insured under this subsection. Any project proposed to be constructed or rehabilitated after the date of enactment of the Housing Act of 1961 with the assistance of mortgage insurance under this Act, where the sale of family units is to be assisted with mortgage insurance under this subsection, shall be subject to such requirements as the **[Commissioner]** *Secretary* may prescribe. To be eligible for insurance pursuant to this subsection, a mortgage shall (A) involve a principal obligation in an amount not to exceed \$30,000, and not to exceed the sum of (i) 97 per centum of \$15,000 of the amount which the **[Commissioner]** *Secretary* estimates will be the appraised value of the family unit including common areas and facilities as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of \$15,000 but not in excess of \$20,000, and (iii) 75 per centum of such value in excess of \$20,000, and (B) have a maturity satisfactory to the **[Commissioner]** *Secretary*, but not to exceed, in any event, thirty-five years from the date of the beginning of amortization of the mortgage or three-fourths of the **[Commissioner's]** *Secretary's* estimate of the remaining economic life of the project, whichever is the lesser. In determining the amount of a mortgage in the case of a nonoccupant mortgagor the reference to paragraph (2) of section 203(b) in section 203(b)(5) shall be construed to refer to the preceding sentence in this subsection. The mortgage shall contain such provisions as the **[Commissioner]** *Secretary* determines to be necessary for the maintenance of common areas and facilities and the multifamily project. The mortgagor shall have exclusive right to the use of the one-family unit covered by the mortgage and, together with the owners of other units in the multifamily project, shall have the right to the use of the common areas and facilities serving the project and the obligation of maintaining all such common areas and facilities. The **[Commissioner]** *Secretary* may require that the rights and obligations of the mortgagor and the owners of other dwelling units in the project shall be subject to such con-

controls as he determines to be necessary and feasible to promote and protect individual owners, the multifamily project and its occupants. For the purposes of this subsection, the [Commissioner] Secretary is authorized in his discretion and under such terms and conditions as he may prescribe to permit one-family units and interests in common areas and facilities in multifamily projects covered by mortgages insured under any section of this Act (other than section 1102a) (1) and (2) to be released from the liens of those mortgages.

(d) In addition to individual mortgages insured under subsection (c), the [Commissioner] Secretary is authorized, in his discretion and under such terms and conditions as he may prescribe, to insure blanket mortgages (including advances on such mortgages during construction) which cover multifamily projects to be constructed or rehabilitated in cases where the mortgage is held by a mortgagor, approved by the [Commissioner] Secretary, which—

(1) has certified to the [Commissioner] Secretary, as a condition of obtaining the insurance of a blanket mortgage under this subsection, that upon completion of the multifamily project covered by such mortgage it intends to convert the ownership of the multifamily project to a plan of family unit ownership under which each family unit would be eligible for individual mortgage insurance under subsection (c) and will faithfully and diligently make and carry out all reasonable efforts to establish such plan of family unit ownership and to sell such family units to purchasers approved by the [Commissioner] Secretary; and

(2) shall be regulated or restricted by the [Commissioner] Secretary as to rents, charges, capital structure, rate of return, and methods of operation until the termination of all obligations of the [Commissioner] Secretary under the insurance and during such further period of time as the [Commissioner] Secretary shall be the owner, holder, or reinsurer of the mortgage. The [Commissioner] Secretary may make such contracts with and acquire for not to exceed \$100 such stock or interest in such mortgagor as he may deem necessary to render effective the regulation and restriction of such mortgagor. The stock or interest required by the [Commissioner] Secretary shall be paid for out of the General Insurance Fund, and shall be redeemed by the mortgagor at par at any time upon the request of the [Commissioner] Secretary after the termination of all obligations of the [Commissioner] Secretary under the insurance.

(e) To be eligible for insurance, a blanket mortgage on any multifamily project of a mortgagor of the character described in subsection (d) shall involve a principal obligation in an amount—

(1) not to exceed \$20,000,000, or not to exceed \$25,000,000 if the mortgage is executed by a mortgagor regulated or supervised, under Federal or State law or by a political subdivision of a State or any agency thereof, as to rents, charges, and methods of operation;

(2) not to exceed 90 per centum of the amount which the [Commissioner] Secretary estimates will be the replacement cost of the project when the proposed physical improvements are completed;

(3) not to exceed, for such part of the project as may be attributable to dwelling use (excluding exterior land improvements as defined by the **[Commissioner]** *Secretary*), \$9,000 per family unit without a bedroom, \$12,500 per family unit with one bedroom, \$15,000 per family unit with two bedrooms, \$18,500 per family unit with three bedrooms, and ⁴⁶ \$21,000 per family unit with four or more bedrooms; except that as to projects to consist of elevator-type structures the **[Commissioner]** *Secretary* may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$10,500 per family unit without a bedroom, \$15,000 per family unit with one bedroom, \$18,000 per family unit with two bedrooms, \$22,500 per family unit with three bedrooms, and \$25,000 per family unit with four or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; and except that the **[Commissioner]** *Secretary* may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed 45 per centum in any geographical area where he finds that cost levels so require; and

(4) not to exceed an amount equal to the sum of the unit mortgage amounts determined under the provisions of subsection (c) assuming the mortgagor to be the owner and occupant of each family unit.

(f) Any blanket mortgage insured under subsection (d) shall provide for complete amortization by periodic payments within such terms as the **[Commissioner]** *Secretary* may prescribe but not to exceed forty years from the beginning of amortization of the mortgage, and shall bear interest (exclusive of premium charges for insurance) at not to exceed $5\frac{1}{4}$ per centum per annum on the amount of the principal obligation outstanding at any time. The **[Commissioner]** *Secretary* may consent to the release of a part or parts of the mortgaged property from the lein of the blanket mortgage upon such terms and conditions as he may prescribe and the blanket mortgage may provide for such release. The project covered by the blanket mortgage may include five or more family units and such commercial and community facilities as the **[Commissioner]** *Secretary* deems adequate to serve the occupants.

(g) Any mortgagee under a mortgage insured under subsection (c) of this section is entitled to receive the benefits of the insurance as provided in section 204(a) of this Act with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall be applicable to the mortgages insured under subsection (c) of this section, except that (1) all references in section 204 of the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the General Insurance Fund, (2) all references therein to section 203 shall be construed to refer to subsection (c) of this section, and (3) the excess remaining, referred to in section 204(f)(1), shall be retained by the **[Commissioner]** *Secretary* and credited to the General Insurance Fund.

(h) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 shall be applicable to mortgages insured under subsection (d) of this section.

(i) The provisions of sections 225 and 230 shall be applicable to the mortgages insured under subsection (c) of this section.

TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

PURPOSES

SEC. 301. The Congress hereby declares that the purposes of this title are to establish in the Federal Government a secondary market facility for home mortgages, to provide that the operations of such facility shall be financed by private capital to the maximum extent feasible, and to authorize such facility to—

(a) provide supplementary assistance to the secondary market for home mortgages by providing a degree of liquidity for mortgage investments, thereby improving the distribution of investment capital available for home mortgage financing;

(b) provide special assistance (when, and to the extent that, the President has determined that it is in the public interest) for the financing of (1) selected types of home mortgages (pending the establishment of their marketability) originated under special housing programs designed to provide housing of acceptable standards at full economic costs for segments of the national population which are unable to obtain adequate housing under established home financing programs, and (2) home mortgages generally as a means of retarding or stopping a decline in mortgage lending and home building activities which threatens materially the stability of a high level national economy; and

(c) manage and liquidate the existing mortgage portfolio of the Federal National Mortgage Association in an orderly manner, with a minimum of adverse effect upon the home mortgage market and minimum loss to the Federal Government.

CREATION OF ASSOCIATION

SEC. 302. (a) There is hereby created a body corporate to be known as the "Federal National Mortgage Association" (hereinafter referred to as the "Association"), which shall be [a constituent agency of the Housing and Home Finance Agency] *in the Department of Housing and Urban Development*. The Association shall have succession until dissolved by Act of Congress. It shall maintain its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. Agencies or offices may be established by the Association in such other place or places as it may deem necessary or appropriate in the conduct of its business.

(b) For the purposes set forth in section 301 and subject to the limitations and restrictions of this title, the Association is authorized, pursuant to commitments or otherwise, to purchase, lend (under section 304) on the security of, service, sell, or otherwise deal in any mortgages which are insured under the National Housing Act or title V of the Housing Act of 1949, or which are insured or guaranteed under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code: *Provided*, That (1) no mortgage may be pur-

chased at a price exceeding 100 per centum of the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items; (2) the Association may not purchase any mortgage, except a mortgage insured under title V of the Housing Act of 1949, if it is offered by, or covers property held by, a State, territorial, or municipal instrumentality; and (3) the Association may not purchase any mortgage under section 305, except a mortgage insured under section 220 or title VIII, or insured under section 213 and covering property located in an urban renewal area, or a mortgage covering property located in Alaska, Guam, or Hawaii, if the original principal obligation thereof exceeds or exceeded \$17,500 for each family residence or dwelling unit covered by the mortgage (plus an additional \$2,500 for each such family residence or dwelling unit which has four or more bedrooms). Notwithstanding the provisions of clause (3) in the preceding sentence, the Association may purchase a mortgage under section 305 with an original principal obligation that exceeds \$17,500 per dwelling unit if the mortgage (1) is a below-market interest rate mortgage insured under section 221(d)(3), and (2) covers property which has the benefit of local tax abatement in an amount determined by the [Federal Housing Commissioner] *Secretary of Housing and Urban Development* to be sufficient to make possible rentals not in excess of those that would be approved by the [Commissioner] *Secretary* if the mortgage amount did not exceed \$17,500 per dwelling unit and if local tax abatement were not provided. For the purposes of this title, the terms "mortgages" and "home mortgages" shall be inclusive of any mortgages or other loans insured under any of the provisions of the National Housing Act or title V of the Housing Act of 1949.

(c) (1) Notwithstanding any other provision of this Act or of any other law, the Association is authorized under section 306 to create, accept, execute, and otherwise administer in all respects such trusts, receiverships, conservatorships, liquidating or other agencies, or other fiduciary and representative undertakings and activities, hereinafter in this subsection called "trusts," as might be appropriate for financing purposes; and in relation thereto the Association may acquire, hold and manage, dispose of, and otherwise deal in any mortgages or other types of obligations in which any department or agency of the United States listed in paragraph (a) of this subsection may have a financial interest. The Association may join in any such undertakings and activities notwithstanding that it is also serving in a fiduciary or representative capacity; and is authorized, consistent with section 307, to guarantee any participations or other instruments, whether evidence of property rights or debt, issued for such financing purposes. Participations or other instruments issued by the Association pursuant to this subsection shall to the same extent as securities which are direct obligations of or obligations guaranteed as to principal or interest by the United States be deemed to be exempt securities within the meaning of laws administered by the Securities and Exchange Commission. The amounts of any mortgages and other obligations acquired by the Association under section 306 pursuant to this subsection, shall not be included in the total amounts set forth in section 306(c).

(2) Subject to the limitations provided in paragraph (4) of this subsection, one or more trusts may be established as provided in this subsection by each of the following departments or agencies:

(A) The Farmers Home Administration of the Department of Agriculture, but only with respect to operating loans, direct farm ownership loans, direct housing loans, and direct soil and water loans. Such trusts may not be established with respect to loans for housing for the elderly under sections 502 and 515(a) of the Housing Act of 1949, nor with respect to loans for nonfarm recreational development.

(B) The Office of Education of the Department of Health, Education, and Welfare, but only with respect to loans for construction of academic facilities.

(C) The Department of Housing and Urban Development, except that such authority may not be used with respect to secondary market operations of the Federal National Mortgage Association.

(D) The Veterans' Administration.

(E) The Export-Import Bank.

(F) The Small Business Administration.

The head of each such department or agency, hereinafter in this subsection called the 'trustor,' is authorized to set aside a part or all of any obligations held by him and subject them to a trust or trusts and, incident thereto, shall guarantee to the trustee timely payment thereof. The trust instrument may provide for the issuance and sale of beneficial interests or participations, by the trustee, in such obligations or in the right to receive interest and principal collections therefrom; and may provide for the substitution or withdrawal of such obligations, or for the substitution of cash for obligations. The trust or trusts shall be exempt from all taxation. The trust instrument may also contain other appropriate provisions in keeping with the purposes of this subsection. The Association shall be named and shall act as trustee of any such trusts and, for the purposes thereof, the title to such obligations shall be deemed to have passed to the Association in trust. The trust instrument shall provide that custody, control, and administration of the obligations shall remain in the trustor subjecting the obligations to the trust, subject to transfer to the trustee in event of default or probable default, as determined by the trustee, in the payment of principal and interest of the beneficial interests or participations. Collections from obligations subject to the trust shall be dealt with as provided in the instrument creating the trust. The trust instrument shall provide that the trustee will promptly pay to the trustor the full net proceeds of any sale of beneficial interests or participations to the extent they are based upon such obligations or collections. Such proceeds shall be dealt with as otherwise provided by law for sales or repayment of such obligations. The effect of both past and future sales of any issue of beneficial interests or participations shall be the same, to the extent of the principal of such issue, as the direct sale with recourse of the obligations subject to the trust. Any trustor creating a trust or trusts hereunder is authorized to purchase, through the facilities of the trustee, outstanding beneficial interests or participations to the extent of the amount of his responsibility to

the trustee on beneficial interests or participations outstanding, and to pay his proper share of the costs and expenses incurred by the Federal National Mortgage Association as trustee pursuant to the trust instrument.

(3) When any trustor guarantees to the trustee the timely payment of obligations he subjects to a trust pursuant to this subsection, and it becomes necessary for such trustor to meet his responsibilities under such guaranty, he is authorized to fulfill such guaranty.

(4) Beneficial interests or participations shall not be issued for the account of any trustor in an aggregate principal amount greater than is authorized with respect to such trustor in an appropriation Act. Any such authorization shall remain available only for the fiscal year for which it is granted and for the succeeding fiscal year.

(5) The Association, as trustee, is authorized to issue and sell beneficial interests or participations under this subsection, notwithstanding that there may be an insufficiency in aggregate receipts from obligations subject to the related trust to provide for the payment by the trustee (on a timely basis out of current receipts or otherwise) of all interest or principal on such interests or participations (after provision for all costs and expenses incurred by the trustee, fairly prorated among trustors). There are authorized to be appropriated without fiscal year limitation such sums as may be necessary to enable any trustor to pay the trustee such insufficiency as the trustee may require on account of outstanding beneficial interests or participations authorized to be issued pursuant to paragraph (4) of this subsection. Such trustor shall make timely payments to the trustee from such appropriations, subject to and in accord with the trust instrument.

CAPITALIZATION

SEC. 303. (a) The Association shall have nonvoting common stock; and initially shall also have nonvoting preferred stock to which the Secretary of the Treasury shall subscribe as provided in subsections (d) and (e) of this section. All stock of the Association shall have a par value of \$100 per share, and shall not be transferable except on the books of the Association. At the option of the Association all such stock shall be retireable at par value at any time, except that retirements of common stock shall not be made if, as a consequence, the amount thereof remaining outstanding would be less than \$100,000,000. With respect to the preferred stock held by him, the Secretary of the Treasury shall be entitled to cumulative dividends for each fiscal year or portion thereof, from the date or dates the capital represented by such preferred stock is initially utilized until such preferred stock is retired, at rates determined by him at the beginning of each such fiscal year, taking into consideration the current average interest rate on outstanding marketable obligations of the United States as of the last day of the preceding fiscal year. The Secretary of the Treasury shall permit the retirement of the preferred stock held by him in the manner provided in this section. Funds of the capital surplus and the general surplus accounts of the Association shall be available to retire the preferred stock held by the Secretary of the Treasury as rapidly as the Association shall deem feasible. Concurrently with the retirement of the last of such outstanding shares of preferred stock, the Association

shall pay to the Secretary of the Treasury for covering into miscellaneous receipts an amount equal to that part of the general surplus and reserves of the Association (other than reserves established to provide for any depreciation in value of its assets, including mortgages) which shall be deemed to have been earned through the use of the capital represented by the shares held by him from time to time. The amount of such payment shall be determined by applying to such surplus and reserves that percentage which is equivalent to the proportion borne by the employed capital represented by the Secretary's stock to the total employed capital of the Association, computed monthly for the period from the cutoff date determined pursuant to section 303(d) of this title to the aforesaid retirement of the last of the outstanding shares of preferred stock of the Association.

(b) The Association shall accumulate funds for its capital surplus account from private and other sources by requiring each mortgage seller to make payments of nonrefundable capital contributions, equal to not more than 2 per centum nor less than 1 per centum of the unpaid principal amounts of mortgages purchased or to be purchased by the Association from such seller under section 304, as determined from time to time by the Association, taking into consideration conditions in the mortgage market and the general economy; and by requiring each borrower to make such payments, equal to not more than one-half of 1 per centum of the amount lent by the Association to such borrower under section 304. In addition, the Association may impose charges or fees for its services with the objective that all costs and expenses of its operations should be within its income derived from such operations and that such operations should be fully self-supporting. All earnings from the operations of the Association shall annually be transferred to its general surplus account. At any time, funds of the general surplus account may, in the discretion of the board of directors, be transferred to reserves. All dividends shall be charged against the general surplus account. This subsection (b) shall be subject to the exceptions set forth in section 307 of this title.

(c) The Association shall issue from time to time, to each mortgage seller or borrower, its common stock (only in denominations of \$100 or multiples thereof) evidencing any capital contributions (adjusted by reason of any payments into surplus required by the Association) made by such seller or borrower pursuant to subsection (b) of this section. Such dividends as may be declared by the board of directors in its discretion shall be paid by the Association to the holders of its common stock, but in any one fiscal year the general surplus account of the Association shall not be reduced through the payment of dividends applicable to such common stock which exceed in the aggregate 5 per centum of the par value of the outstanding common stock of the Association: *Provided*, That pending the retirement of all the outstanding preferred stock of the Association such percentage with respect to any one fiscal year shall not exceed the percentage rate of the cumulative dividend applicable to the preferred stock of the Association for that fiscal year.

(d) Within ninety days following the effective date of the Housing Act of 1954, as of the day following a cutoff date to be deter-

mined by the Association, the Association is authorized and directed to issue and deliver to the Secretary of the Treasury, and the Secretary of the Treasury is authorized and directed to accept, preferred stock of the Association having an aggregate par value equal to the sum of (1) the amount of \$21,000,000 (being an amount of the original subscription for capital stock of \$20,000,000 and paid-in surplus of \$1,000,000 of the Association) and (2) an amount equal to the Association's surplus, surplus reserves, and undistributed earnings, computed as of the close of the cutoff date. In addition to the preferred stock provided for in the first sentence of this subsection, the Association is authorized and directed to issue and deliver to the Secretary of the Treasury, and the Secretary of the Treasury is authorized and directed to accept, preferred stock of the Association having an aggregate par value equal to \$115,000,000.

(e) The preferred stock of the Association delivered to the Secretary of the Treasury pursuant to the first sentence of subsection (d) of this section shall be in exchange for (1) the note or notes evidencing the aforesaid original \$21,000,000 (upon which the accrued interest shall have been paid through the cutoff date referred to in subsection (d) of this section), and (2) the release to the Association of any and all rights or claims which the United States might otherwise have or claim in and to the Association's capital, surplus, surplus reserves, and undistributed earnings, computed as of the close of the aforesaid cutoff date. The preferred stock of the Association delivered to the Secretary of the Treasury pursuant to the second sentence of subsection (d) of this section shall be in exchange for a note or notes of the Association, aggregating \$115,000,000 in principal amount (and upon which the accrued interest shall have been paid through the date of delivery), held by the Secretary of the Treasury pursuant to the authority contained in section 304(c).

(f) Notwithstanding any other provision of law, any institution, including a national bank or State member bank of the Federal Reserve System or any member of the Federal Deposit Insurance Corporation, trust company, or other banking organization, organized under any law of the United States, including the laws relating to the District of Columbia, shall be authorized to make payments to the Association of the nonrefundable capital contributions referred to in subsection (b) of this section, to receive stock of the Association evidencing such capital contributions, and to hold or dispose of such stock, subject to the provisions of this title.

(g) As promptly as practicable after all of the preferred stock of the Association held by the Secretary of the Treasury has been retired, the [Housing and Home Finance Administrator] *Secretary of Housing and Urban Development* shall transmit to the President for submission to the Congress recommendations for such legislation as may be necessary or desirable to make appropriate provisions to transfer to the owners of the outstanding common stock of the Association the assets and liabilities of the Association in connection with, and the control and management of, the secondary market operations of the Association under section 304 of this title in order that such operations may thereafter be carried out by a privately owned and privately financed corporation.

SECONDARY MARKET OPERATIONS

SEC. 304. (a) (1) To carry out the purposes set forth in paragraph (a) of section 301, the operations of the Association under this section shall be confined, so far as practicable, to mortgages which are deemed by the Association to be of such quality, type, and class as to meet, generally, the purchase standards imposed by private institutional mortgage investors and the Association shall not purchase any mortgage insured or guaranteed prior to the effective date of the Housing Act of 1954. In the interest of assuring sound operation, the prices to be paid by the Association for mortgages purchased in its secondary market operations under this section, should be established, from time to time, within the range of market prices for the particular class of mortgages involved, as determined by the Association. The volume of the Association's purchases and sales, and the establishment of the purchase prices, sale prices, and charges or fees, in its secondary market operations under this section, should be determined by the Association from time to time, and such determinations should be consistent with the objectives that such purchases and sales should be effected only at such prices and on such terms as will reasonably prevent excessive use of the Association's facilities, and that the operations of the Association under this section should be within its income derived from such operations and that such operations should be fully self-supporting. Notwithstanding any other provision of this section, advance commitments to purchase mortgages in secondary market operations under this section shall be issued only at prices which are sufficient to facilitate home financing, but which are sufficiently below the price then offered by the Association for immediate purchase to prevent excessive sales to the Association pursuant to such commitments.

(2) In the further interest of assuring sound operation, any loan made by the Association in its secondary market operations under this section, and any extension or renewal thereof, shall not exceed 90 per centum of the unpaid principal balances of the mortgages securing the loan, and shall bear interest at a rate consistent with general loan policies established from time to time by the Association's board of directors. Any such loan shall mature in not more than twelve months and the term of any extension or renewal shall not exceed twelve months. The volume of the Association's lending activities and the establishment of its loan ratios, interest rates, maturities, and charges or fees, in its secondary market operations under this section, should be determined by the Association from time to time; and such determinations, in conjunction with determinations made under paragraph (1), should be consistent with the objectives that the lending activities should be conducted on such terms as will reasonably prevent excessive use of the Association's facilities, and that the operations of the Association under this section should be within its income derived from such operations and that such operations should be fully self-supporting. Notwithstanding any Federal, State, or other law to the contrary, the Association is hereby empowered, in connection with any loan under this section, whether before or after any default, to provide by contract with the borrower for the settlement or extinguishment, upon default, of any redemption, equitable, legal, or other right, title,

or interest of the borrower in any mortgage or mortgages that constitute the security for the loan; and with respect to any such loan, in the event of default and pursuant otherwise to the terms of the contract, the mortgages that constitute such security shall become the absolute property of the Association.

(b) For the purposes of this section, the Association is authorized to issue, upon the approval of the Secretary of the Treasury, and have outstanding at any one time obligations having such maturities and bearing such rate or rates of interest as may be determined by the Association with the approval of the Secretary of the Treasury, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations; but the aggregate amount of obligations of the Association under this subsection outstanding at any one time shall not exceed ten times the sum of its capital surplus, general surplus, reserves, and undistributed earnings, and in no event shall any such obligations be issued if, at the time of such proposed issuance, and as a consequence thereof, the resulting aggregate amount of its outstanding obligations under this subsection would exceed the amount of the Association's ownership pursuant to this section, free from any liens or encumbrances, of cash, mortgages or other security holdings, and obligations of the United States or guaranteed thereby, or obligations, participations, or other instruments which are lawful investments for fiduciary, trust, or public funds. The Association shall insert appropriate language in all of its obligations issued under this subsection clearly indicating that such obligations, together with the interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than the Association. The Association is authorized to purchase in the open market any of its obligations outstanding under this subsection at any time and at any price.

(c) The Secretary of the Treasury is authorized in his discretion to purchase any obligations issued pursuant to subsection (b) of this section, as now or hereafter in force, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of the sale of any securities hereafter issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include such purchases. The Secretary of the Treasury shall not at any time purchase any obligations under this subsection if (1) all of the preferred stock of the Association held by the Secretary of the Treasury has been retired, or (2) such purchase would increase the aggregate principal amount of his then outstanding holdings of such obligations under this subsection to an amount greater than \$2,250,000,000. Each purchase of obligations by the Secretary of the Treasury under this subsection shall be upon such terms and conditions as to yield a return at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the making of such purchase. The Secretary of the Treasury may, at any time, sell, upon such terms and conditions and at such

price or prices as he shall determine, any of the obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such obligations under this subsection shall be treated as public debt transactions of the United States.

(d) Repealed.

SPECIAL ASSISTANCE FUNCTIONS

SEC. 305. (a) To carry out the purposes set forth in paragraph (b) of section 301, the President, after taking into account (1) the conditions in the building industry and the national economy and (2) conditions affecting the home mortgage investment market, generally, or affecting various types or classifications of home mortgages, or both, and after determining that such action is in the public interest, may under this section authorize the Association, for such period of time and to such extent as he shall prescribe, to exercise its powers to make commitments to purchase and to purchase such types, classes, or categories of home mortgages (including participations therein) as he shall determine.

(b) The operations of the Association under this section shall be confined, so far as practicable, to mortgages (including participations) which are deemed by the Association to be of such quality as to meet, substantially and generally, the purchase standards imposed by private institutional mortgage investors but which, at the time of submission of the mortgages to the Association for purchase, are not necessarily readily acceptable to such investors. Subject to the provisions of this section, the prices to be paid by the Association for mortgages purchased in its operations under this section shall be established from time to time by the Association. The Association shall impose charges or fees for its service; under this section with the objective that all costs and expenses of its operations under this section should be within its income derived from such operations and that such operations should be fully self-supporting.

(c) The total amount of purchases and commitments authorized by the President pursuant to subsection (a) of this section shall not exceed \$1,700,000,000 outstanding at any one time, which limit shall be increased by \$100,000,000 on the date of the enactment of the Housing and Urban Development Act of 1965, by \$550,000,000 on July 1, 1967, and \$525,000,000 on July 1, 1968.

(d) The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section, such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Association. The Secretary of the Treasury is authorized to purchase any obligations of the Association to be issued under this section, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the

sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the Association's obligations hereunder.

(e) Notwithstanding any other provision of this Act, the Association is authorized to enter into advance commitment contracts and purchase transactions which do not exceed \$200,000,000 outstanding at any one time, if such commitments or transactions relate to mortgages with respect to which the [Federal Housing Commissioner] *Secretary of Housing and Urban Development* shall have issued pursuant to section 213 either a commitment to insure or a statement of eligibility; but such commitments in any one State shall not exceed \$20,000,000 outstanding at any one time: *Provided*, That (1) of the total amount of advance commitment contracts and purchase transactions authorized by this subsection, the amount of \$50,000,000 shall be available solely for commitments or purchases of mortgages where the management or sales-type cooperative involved is certified by the [Federal Housing Commissioner] *Secretary of Housing and Urban Development* as a consumer cooperative, and (2) of the commitments in any one State, not more than \$15,000,000 shall be outstanding at any one time for mortgages with respect to cooperative projects which are not of the type described in clause (1) of this proviso. On and after the date of enactment of the Housing Act of 1959, the Association is authorized to enter into advance commitment contracts and purchase transactions (in addition to those authorized by the preceding sentence) relating to mortgages with respect to which the [Federal Housing Commissioner] *Secretary of Housing and Urban Development* shall have issued pursuant to section 213 a commitment to insure or a statement of eligibility, without regard to any of the limitations contained in the preceding sentence; except that the total amount of the additional advance commitment contracts and purchase transactions authorized by this sentence which may be outstanding at any one time shall not exceed \$25,000,000, of which the amount of \$12,500,000 shall be available solely for commitments or purchases of mortgages where the management or sales-type cooperative involved is certified by the [Federal Housing Commissioner] *Secretary of Housing and Urban Development* as a consumer cooperative and the amount of \$12,500,000 shall be available solely for commitments or purchases of mortgages where the cooperative involved is a builder-sponsor cooperative. Without regard to any of the limitations of this subsection except the total amount of authorizations available, the Association is authorized to enter into advance commitment contracts and purchase transactions on supplementing [sic] cooperative loans with respect to which the [Federal Housing Commissioner] *Secretary of Housing and Urban Development* shall have issued, pursuant to section 213(j), either a commitment to insure or a statement of eligibility; but such commitments and purchases shall be made solely where there is a management-type cooperative involved which is certified by the [Federal Housing Commissioner] *Secretary of Housing and Urban Development* as a consumer cooperative.

(f) Notwithstanding any other provision of this Act, the Association is authorized to make commitments to purchase and to purchase,

service, or sell, any mortgage (or participation therein) which is insured under title VIII of this Act, as amended on or after August 11, 1955: *Provided*, That the total amount of purchases and commitments authorized by this subsection shall not exceed \$500,000,000 outstanding at any one time: *Provided further*, That of the amount authorized in the preceding proviso not less than \$58,750,000 shall be available for such purchases and commitments with respect to mortgages insured under section 809: *Provided further*, That any portion of the total amount of authority set forth in the first proviso of this subsection, which (1) is not required under the second proviso of this subsection to be kept available for purchases and commitments with respect to mortgages insured under section 809, and (2), on the date of enactment of the Housing and Urban Development Act of 1965 and on each July 1 thereafter, would otherwise be available for making new purchases and commitments pursuant to this subsection, shall be transferred to and merged with the authority granted by subsection (a) and added to the amount of such authority which is available, as of the date of the transfer, for purchases and commitments under subsection (c); and the total amount of authority as set forth in the first proviso of this subsection shall progressively be reduced by the amount of each such transfer.

(g) With a view to further carrying out the purposes set forth in section 301(b), and notwithstanding any other provision of this Act, the Association is authorized to make commitments to purchase and to purchase, service, or sell any mortgages which are insured under title II of this Act or guaranteed under the Servicemen's Readjustment Act of 1944, if the original principal obligation thereof does not exceed \$13,500: *Provided*, That the total amount of purchases and commitments authorized by this subsection shall not exceed \$1,000,000,000 outstanding at any one time: *Provided further*, That applicants for such commitments shall be required to certify that construction of the housing to be covered by the mortgages has not commenced: *Provided further*, That the authority of the Association to make purchases and commitments under this subsection shall terminate on the date of enactment of the Housing Act of 1961, and any portion of the total amount of such authority as specified in the first proviso in this subsection which on such date would otherwise be available for making such purchases and commitments shall be transferred to and merged with the authority granted by subsection (a) and added to the amount of such authority as specified in subsection (c).

(h) Notwithstanding clause (2) of section 302(b) and any provision of this Act which is inconsistent with this subsection, the Association is authorized (subject to Presidential action as provided in subsection (a), as limited by subsection (c)) to purchase pursuant to commitments or otherwise, and to service, sell, or otherwise deal in, mortgages insured under the provisions of section 221(d)(3) of this Act.

MANAGEMENT AND LIQUIDATING FUNCTIONS

SEC. 306. (a) To carry out the purposes set forth in paragraph (c) of section 301, the Association is authorized and directed, as of the close of the cutoff date determined by the Association pursuant to section 303(d) of this title, to establish separate accountability for all

of its assets and liabilities (exclusive of capital, surplus, surplus reserves, and undistributed earnings to be evidenced by preferred stock as provided in section 303(d) hereof, but inclusive of all rights and obligations under any outstanding contracts), and to maintain such separate accountability for the management and orderly liquidation of such assets and liabilities as provided in this section.

(b) For the purposes of this section and to assure that, to the maximum extent, and as rapidly as possible, private financing will be substituted for Treasury borrowings otherwise required to carry mortgages held under the aforesaid separate accountability, the Association is authorized to issue, upon the approval of the Secretary of the Treasury, and have outstanding at any one time obligations having such maturities and bearing such rate or rates of interest as may be determined by the Association with the approval of the Secretary of the Treasury, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations; but in no event shall any such obligations be issued if, at the time of such proposed issuance, and as a consequence thereof, the resulting aggregate amount of its outstanding obligations under this subsection would exceed the amount of the Association's ownership under the aforesaid separate accountability, free from any liens or encumbrances, of cash, mortgages, and obligations of the United States or guaranteed thereby, or obligations, participations, or other instruments which are lawful investments for fiduciary, trust, or public funds. The proceeds of any private financing effected under this subsection shall be paid to the Secretary of the Treasury in reduction of the indebtedness of the Association to the Secretary of the Treasury under the aforesaid separate accountability. The Association shall insert appropriate language in all of its obligations issued under this subsection clearly indicating that such obligations, together with the interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than the Association. The Association is authorized to purchase in the open market any of its obligations outstanding under this subsection at any time and at any price.

(c) No mortgage shall be purchased by the Association in its operations under this section except pursuant to and in accordance with the terms of a contract or commitment to purchase the same made prior to the cutoff date provided for in section 303(d), which contract or commitment became a part of the aforesaid separate accountability, and the total amount of mortgages and commitments held by the Association under this section shall not, in any event, exceed \$3,350,000,000: *Provided*, That such maximum amount shall be progressively reduced by the amount of cash realizations on account of principal of mortgages held under the aforesaid separate accountability and by cancellation of any commitments to purchase mortgages thereunder, as reflected by the books of the Association, with the objective that the entire aforesaid maximum amount shall be eliminated with the orderly liquidation of all mortgages held under the aforesaid separate accountability: *And provided further*, That nothing in this subsection shall preclude the Association from granting such usual and customary in-

creases in the amounts of outstanding commitments (resulting from increased costs or otherwise) as have theretofore been covered by like increases in commitments granted by the agencies of the Federal Government insuring or guaranteeing the mortgages. There shall be excluded from the total amounts set forth in this subsection the amounts of any mortgages which, subsequent to May 31, 1954, are transferred by law to the Association and held under the aforesaid separate accountability.

(d) The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section, such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Association. The Secretary of the Treasury is authorized to purchase any obligations of the Association to be issued under this section, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the Association's obligations hereunder.

(e) Notwithstanding any other provision of law, the Association is authorized, under the aforesaid separate accountability, to make commitments to purchase, and to purchase, service, or sell any obligations offered to it by the [Housing and Home Finance Agency or its Administrator, or by such Agency's constituent units or agencies or the heads thereof] *Secretary of Housing and Urban Development* or any mortgages covering residential property offered to it by any Federal instrumentality, or the head thereof. There shall be excluded from the total amounts set forth in subsection (c) the amounts of any obligations or mortgages purchased by the Association pursuant to this subsection.

(f) Notwithstanding any of the provisions of this Act or of any other law, an amount equal to the net decrease for the preceding fiscal year in the aggregate principal amount of all mortgages owned by the Association under this section shall, as of July 1 of each of the years 1961 through 1964, be transferred to and merged with the authority provided under section 305(a), and the amount of such authority as specified in section 305(c) shall be increased by any amounts so transferred.

SEPARATE ACCOUNTABILITY

SEC. 307. (a) The Association shall establish and at all times maintain separate accountability for (1) its secondary market operations authorized by section 304 hereof, (2) its special assistance functions authorized by section 305 hereof, and (3) its management and liquidating functions authorized by section 306 hereof.

(b) With respect to the functions or operations of the Association under sections 305 and 306, respectively, of this title, (1) there shall be no recourse to the capitalization of the Association provided for by section 303 of this title, and (2) mortgage sellers shall not be required to make payment to the Association of the capital contributions provided for by section 303(b) of this title.

(c) All of the benefits and burdens incident to the administration of the functions and operations of the Association under sections 305 and 306, respectively, of this title, after allowance for related obligations of the Association, its prorated expenses, and the like, including amounts required for the establishment of such reserves as the board of directors of the Association shall deem appropriate, shall inure solely to the Secretary of the Treasury, and such related earnings or other amounts as become available shall be paid annually by the Association to the Secretary of the Treasury for covering into miscellaneous receipts.

BOARD OF DIRECTORS

SEC. 308. (a) The Association shall have a Board of Directors consisting of five persons, one of whom shall be the [Housing and Home Finance Administrator] *Secretary of Housing and Urban Development* as Chairman of the Board, and four of whom shall be appointed by [said Administrator] *the Secretary* from among the officers or employees of the Association, of the immediate office of [said Administrator] *the Secretary*, or (with the consent of the head of such department or agency) of any other department or agency of the Federal Government. The board of directors shall meet at the call of its chairman, who shall require it to meet not less often than once each month. Within the limitations of law, the board shall determine the general policies which shall govern the operations of the Association. The chairman of the board shall select and effect the appointment of qualified persons to fill the offices of president and vice president, and such other offices as may be provided for in the bylaws, with such executive functions, powers, and duties as may be prescribed by the bylaws or by the board of directors, and such persons shall be the executive officers of the Association and shall discharge all such executive functions, powers, and duties. The members of the board, as such, shall not receive compensation for their services.

GENERAL POWERS

SEC. 309. (a) The Association shall have power to adopt, alter, and use a corporate seal, which shall be judicially noticed; by its board of directors, to adopt, amend, and repeal bylaws governing the performance of the powers and duties granted to or imposed upon it by law; to enter into and perform contracts, leases, cooperative agreements, or other transactions, on such terms as it may deem appropriate, with any agency or instrumentality of the United States, or with any State, Territory, or possession, or the Commonwealth of Puerto Rico, or with any political subdivision thereof, or with any person, firm, association, or corporation; to execute, in accordance with its bylaws, all instruments necessary or appropriate in the exercise of any of its powers; in its corporate name, to sue and to be sued, and to complain and to defend, in any court of competent jurisdiction, State

or Federal, but no attachment, injunction, or other similar process, mesne or final, shall be issued against the property of the Association or against the Association with respect to its property; to conduct its business in any State of the United States, including the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States; to lease, purchase, or acquire any property, real, personal, or mixed, or any interest therein, to hold, rent, maintain, modernize, renovate, improve, use, and operate such property, and to sell, for cash or credit, lease, or otherwise dispose of the same, at such time and in such manner as and to the extent that the Association may deem necessary or appropriate; to prescribe, repeal, and amend or modify, rules, regulations, or requirements governing the manner in which its general business may be conducted; to accept gifts or donations of services, or of property, real, personal, or mixed, tangible, or intangible, in aid of any of the purposes of the Association; and to do all things as are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

(b) Except as may be otherwise provided in this title, in the Government Corporation Control Act, or in other laws specifically applicable to Government corporations, the Association shall determine the necessity for and the character and amount of its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for.

(c) The Association, including its franchise, capital, reserves, surplus, mortgages or other security holdings, and income shall be exempt from all taxation now or hereafter imposed by the United States, by any territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that (1) any real property of the Association shall be subject to State, territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed, and (2) the Association shall, with respect to its secondary market operations under section 304 after the cutoff date referred to in section 303(d) of this title, pay annually to the Secretary of the Treasury, for covering into miscellaneous receipts, an amount equivalent to the amount of Federal income taxes for which it would be subject if it were not exempt from such taxes with respect to such secondary market operations.

(d) The Chairman of the Board shall have power to select and appoint or employ such officers, attorneys, employees, and agents, to vest them with such powers and duties, and to fix and to cause the Association to pay such compensation to them for their services, as he may determine, subject to the civil service and classification laws. Bonds may be required for the faithful performance of their duties, and the Association may pay the premiums therefor. With the consent of any Government corporation or Federal Reserve bank, or of any board, commission, independent establishment, or executive department of the Government, the Association may avail itself on a reimbursable basis of the use of information, services, facilities, officers, and employees thereof, including any field service thereof, in carrying out the provisions of this title.

(e) No individual, association, partnership, or corporation, except the body corporate created by section 302 of this title, shall hereafter use the words "Federal National Mortgage Association" or any combination of such words, as the name or a part thereof under which he

or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding \$100 or imprisonment not exceeding thirty days, or both, for each day during which such violation is committed or repeated.

(f) In order that the Association may be supplied with such forms of obligations or certificates as it may need for issuance under this title, the Secretary of the Treasury is authorized, upon request of the Association, to prepare such forms as shall be suitable and approved by the Association, to be held in the Treasury subject to delivery, upon order of the Association. The engraved plates, dies, bed pieces, and other material executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The Association shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such forms.

(g) The Federal Reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Association in the general performance of its powers, and the Association shall reimburse such Federal Reserve banks for such services in such manner as may be agreed upon.

INVESTMENT OF FUNDS

SEC. 310. Moneys of the Association not in vested in mortgages or other security holdings or in operating facilities shall be kept in cash on hand or on deposit, or invested in obligations of the United States or guaranteed thereby, or in obligations, participations, or other instruments which are lawful investments for fiduciary, trust, or public funds.

OBLIGATIONS OF ASSOCIATION LEGAL INVESTMENTS

SEC. 311. All obligations, participations, or other instruments issued by the Association shall be lawful investments, and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority and control of the United States or any officer or officers thereof.

SHORT TITLE

SEC. 312. This title III may be referred to as the "Federal National Mortgage Association Charter Act".

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TITLE V—MISCELLANEOUS

SEC. 501.
SEC. 502.
SEC. 503.
SEC. 504.
SEC. 505.
SEC. 506.
SEC. 507.
SEC. 508.
SEC. 509.
SEC. 510.
SEC. 511.

PENALTIES

SEC. 512. Notwithstanding any other provision of law, the [Commissioner] *Secretary* is authorized to refuse the benefits of participation (either directly as an insured lender or as a borrower, or indirectly as a builder, contractor, or dealer, or salesman or sales agent for a builder, contractor or dealer) under title I, II, VI, VII, VIII, or IX of this Act to any person or firm (including but not limited to any individual, partnership, association, trust, or corporation) if the [Commissioner] *Secretary* has determined that such person or firm (1) has knowingly or willfully violated any provision of this Act or of title III of the Servicemen's Readjustment Act of 1944, as amended, or of chapter 37 of title 38, United States Code, or of any regulation issued by the [Commissioner] *Secretary* under this Act or by the Administrator of Veterans' Affairs under said title III, or chapter 37, or (2) has, in connection with any construction, alteration, repair or improvement work financed with assistance under this Act or under said title III, or chapter 37, or in connection with contracts or financing relating to such work, violated any Federal or State penal statute, or (3) has failed materially to properly carry out contractual obligations with respect to the completion of construction, alteration, repair, or improvement work financed with assistance under this Act or under title III of the Servicemen's Readjustment Act of 1944, as amended, or of chapter 37 of title 38, United States Code. Before any such determination is made any person or firm with respect to whom such a determination is proposed shall be notified in writing by the [Commissioner] *Secretary* and shall be entitled, upon making a written request to the [Commissioner] *Secretary* to a written notice specifying charges in reasonable detail and an opportunity to be heard and to be represented by counsel. Determinations made by the [Commissioner] *Secretary* under this section shall be based on the preponderance of the evidence. For the purposes of compliance with this section the [Commissioner's] *Secretary's* notice of a proposed determination under this section shall be considered to have been received by the interested person or firm if the notice is properly mailed to the last known address of such person or firm.

SEC. 513. (a) The Congress hereby declares that it has been its intent since the enactment of the National Housing Act that housing built with the aid of mortgages insured under that Act is to be used principally for residential use; and that this intent excludes the use of such housing for transient or hotel purposes while such insurance on the mortgage remains outstanding.

(b) Notwithstanding any other provisions of this Act, no new, existing, or rehabilitated multifamily housing with respect to which a mortgage is insured under this Act shall be operated for transient or hotel purposes unless (1) on or before May 28, 1954, the [Commissioner] *Secretary* has agreed in writing to the rental of all or a portion of the accommodations in the project for transient or hotel purposes (in which case no accommodations in excess of the number so agreed to by the [Commissioner] *Secretary* shall be rented on such basis), or (2) the project covered by the insured mortgage is located in an area which the [Commissioner] *Secretary* determines to be a resort area, and the [Commissioner] *Secretary* finds that prior to May 28, 1954, a portion

of the accommodations in the project had been made available for rent for transient or hotel purposes (in which case no accommodations in excess of the number of which had been made available for such use shall be rented on such basis).

(c) Notwithstanding any other provisions of this Act, no mortgage with respect to multifamily housing shall be insured under this Act (except pursuant to a commitment to insure issued prior to the effective date of the Housing Act of 1954), and (except as to housing coming within the provisions of clause (1) or clause (2) of the preceding subsection) no mortgage with respect to multifamily housing shall be insured for an additional term, unless (1) the mortgagor certifies under oath that while such insurance remains outstanding he will not rent, or permit the rental of, such housing or any part thereof for transient or hotel purposes, and (2) the **[Commissioner]** *Secretary* has entered into such contract with, or purchased such stock of, the mortgagor as the **[Commissioner]** *Secretary* deems necessary to enable him to prevent or terminate any use of such property or project for transient or hotel purposes while the mortgage insurance remains outstanding.

(d) The Commissioner is hereby authorized and directed to enforce the provisions of this section by all appropriate means at his disposal,

(d) The **[Commissioner]** *Secretary* is hereby authorized and directed to enforce the provisions of this section by all appropriate means at his disposal, as to all existing multifamily housing with respect to which a mortgage was insured under this Act prior to the effective date of the Housing Act of 1954 as well as to all multifamily housing with respect to which a mortgage is hereafter insured under this Act: *Provided*, That no criminal penalty shall, by reason of enactment of this section, be applicable to the rental or operation of any such existing multifamily housing in violation of any provision of subsection (b) of this section at any time prior to the effective date of the Housing Act of 1954.

(e) As used in this section, (1) the term "rental for transient or hotel purposes" shall have such meaning as prescribed by the **[Commissioner]** *Secretary* but rental for any period less than thirty days shall in any event constitute rental for such purposes, and (2) the term "multifamily housing" shall mean (i) a property held by a mortgagor upon which there are located five or more single family dwellings, or upon which there is located a two-, three-, or four-family dwelling, or (ii) a property or project covered by mortgage insured or to be insured under section 207, under section 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) thereof, under section 220 if the mortgage is within the provisions of paragraph (3) (B) of subsection (d) thereof, under section 221 if the mortgage is within the provisions of paragraph (3) of subsection (d) thereof, under section 608, under section 803, or under section 908, or (iii) a project with respect to which an insurance contract pursuant to title VII is outstanding.

(f) Promptly after receipt of written notice that any portion of any building is being rented or operated in violation of any provision of this section or of any rule or regulation lawfully issued thereunder, the **[Commissioner]** *Secretary* shall investigate the existence of the facts

alleged in the written notice and shall order such violation, if found to exist, to cease forthwith.

(g) If such violation does not cease in accordance with such order, the **【Commissioner】** *Secretary* shall forward the complaint to the Attorney General of the United States for prosecution of such civil or criminal action, if any, which the Attorney General may find to be involved in such violation.

(h) Whenever he finds a violation of any provision of this section has occurred or is about to occur, the Attorney General shall petition the district court of the United States or the district court of any Territory or other place subject to United States jurisdiction within whose jurisdictional limits the person doing or committing the acts or practices constituting the alleged violation of this section shall be found, for an order enjoining such acts or practices, and upon a showing by the Attorney General that such acts or practices constituting such violation have been engaged in or are about to be engaged in, a permanent or temporary injunction, restraining order, or other order, with or without such injunction or restraining order, shall be granted without bond.

(i) Any person owning or operating a hotel within a radius of fifty miles of a place where a violation of any provision of this section has occurred or is about to occur, or any group or association of hotel owners or operators within said fifty-mile radius, at his or their sole charge or cost, may petition any district court of the United States or the district court of any Territory or other place subject to United States jurisdiction within whose jurisdictional limits the person doing or committing the acts or practices constituting the alleged violation of this section shall be found, for an order enjoining such acts or practices, and, upon a showing that such acts or practices constituting such violation have been engaged in or are about to be engaged in, a permanent or temporary injunction, restraining order, or other order, with or without such injunction or restraining order, shall be granted.

(j) The several district courts of the United States and the several district courts of the Territories of the United States or other place subject to United States jurisdiction, within whose jurisdictional limits the person doing or committing the acts or practices constituting the alleged violation shall be found, shall, wheresoever such acts or practices may have been done or committed, have full power and jurisdiction to hear, try, and determine such matter under subsection (h) and (i) of this section.

SEPARABILITY PROVISION

SEC. 513. If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

APPLICABILITY OF OTHER ACTS

SEC. 514. The provisions of section 10 (a) 1 and 10b of the Federal Home Loan Bank Act, as amended (49 Stat. 294, 295); paragraph seventh of section 5136 of the Revised Statutes, as amended (49 Stat.

709); section 24 of the Federal Reserve Act, as amended (49 Stat. 706); subsection (n) of section 77B of the Bankruptcy Act, as amended (49 Stat. 664); section 5(c) of the Act approved January 31, 1935, continuing and extending the functions of the Reconstruction Finance Corporation (49 Stat. 1); and all other provisions of law establishing rights under mortgages insured in accordance with the provisions of the National Housing Act, shall be held to apply to such Act, as amended.

SEC. 515. At any time prior to final endorsement for insurance, the **[Commissioner]** *Secretary*, in his discretion, may amend, extend, or increase the amount of any commitment, provided the mortgage, as finally endorsed for insurance is eligible for insurance under the provisions of this Act, and the rules and regulations thereunder, in effect at the time the original commitment to insure was issued.

SEC. 516. The following funds shall be deemed an indebtedness to the United States of the particular insurance fund involved, and the **[Commissioner]** *Secretary* is authorized and directed to pay the amount of such indebtedness to the Secretary of the Treasury, with simple interest thereon from the date the funds were advanced to the date of final payment at a rate determined by the Secretary of the Treasury, taking into consideration the average rate on outstanding marketable obligations of the United States from the date the funds were advanced until the date of final payment—

(1) funds made available to the **[Commissioner]** *Secretary* pursuant to the provisions of sections 4 and 202, exclusive of amounts heretofore refunded, (a) for carrying out title II with respect to mortgages insured under section 203 where such funds were credited to the general reinsurance account in the Mutual Mortgage Insurance Fund, and (b) for the payment of salaries and expenses with respect to mortgage insurance under sections 207 and 210 where such funds were credited to the Housing Insurance Fund;

(2) funds made available to the **[Commissioner]** *Secretary* pursuant to sections 602 and 802; and

(3) funds available to the **[Commissioner]** *Secretary* by the Secretary of the Treasury pursuant to section 710.

Payments to the Secretary of the Treasury under this section shall be made in such amounts and at such times as the **[Commissioner]** *Secretary* determines, after consultations with the Secretary of the Treasury, that funds are available for that purpose, taking into consideration the continued solvency of the funds involved. All payments made pursuant to this section shall be covered into the Treasury as miscellaneous receipts.

PREPAYMENT OF MORTGAGES BY NONPROFIT EDUCATIONAL INSTITUTIONS

SEC. 517. (a) Notwithstanding any other provision of this Act, no adjusted premium charge shall be collected in connection with the payment in full, prior to maturity, of any mortgage insured under this Act, if the mortgagor certifies to the **[Commissioner]** *Secretary* that the loan was paid in full by or on behalf of a nonprofit educational institution which intends to use the property for educational purposes.

(b) The **【Commissioner】** *Secretary* shall refund any adjusted premium charge collected subsequent to July 1, 1962, and prior to the date of the enactment of the Housing Act of 1964, in connection with the payment in full, prior to maturity, of any mortgage insured under this Act, if the mortgagor under such mortgage makes the certification prescribed by subsection (a).

EXPENDITURES TO CORRECT OR COMPENSATE FOR SUBSTANTIAL DEFECTS IN MORTGAGED HOMES

SEC. 518. (a) The **【Commissioner】** *Secretary* is authorized, with respect to any property improved by a one- to four-family dwelling approved for mortgage insurance prior to the beginning of construction which he finds to have structural defects, to make expenditures for (1) correcting such defects, (2) paying the claims of the owner of the property arising from such defects, or (3) acquiring title to the property: *Provided*, That such authority of the **【Commissioner】** *Secretary* shall exist only (A) if the owner has requested assistance from the **【Commissioner】** *Secretary* not later than four years (or such shorter time as the **【Commissioner】** *Secretary* may prescribe) after insurance of the mortgage, and (B) if the property is encumbered by a mortgage which is insured under this Act after the date of enactment of the Housing Act of 1964.

(b) The **【Commissioner】** *Secretary* shall by regulations prescribe the terms and conditions under which expenditures and payments may be made under the provisions of this section, and his decisions regarding such expenditures or payments, and the terms and conditions under which the same are approved or disapproved, shall be final and conclusive and shall not be subject to judicial review.

ESTABLISHMENT OF GENERAL INSURANCE FUND

SEC. 519. (a) There is hereby created a General Insurance Fund which shall be used by the **【Commissioner】** *Secretary*, on and after the date of the enactment of the Housing and Urban Development Act of 1965, as a revolving fund for carrying out all the insurance provisions of this Act with the exception of those specified in subsection (e). All mortgages or loans insured under this Act pursuant to commitments issued on or after the date of the enactment of the Housing and Urban Development Act of 1965, except those specified in subsection (e), and all loans reported for insurance under section 2 on or after the date of the enactment of the Housing and Urban Development Act of 1965, shall be insured under the General Insurance Fund. The **【Commissioner】** *Secretary* shall transfer to the General Insurance Fund—

(1) the assets and liabilities of all insurance accounts and funds, except the Mutual Mortgage Insurance Fund, existing under this Act immediately prior to the enactment of the Housing and Urban Development Act of 1965;

(2) all outstanding commitments for insurance issued prior to the date of the enactment of the Housing and Urban Development Act of 1965, except those specified in subsection (e);

(3) the insurance on all mortgages and loans insured prior to the date of the enactment of the Housing and Urban Develop-

ment Act of 1965, except insurance specified in subsection (e); and

(4) the insurance of all loans made by approved financial institutions pursuant to section 2 prior to the date of the enactment of the Housing and Urban Development Act of 1965.

(b) The general expenses of the operations of the **[Federal Housing Administration]** *Department of Housing and Urban Development* relating to mortgages and loans which are the obligation of the General Insurance Fund may be charged to the General Insurance Fund.

(c) Moneys in the General Insurance Fund not needed for the current operations of the **[Federal Housing Administration]** *Department of Housing and Urban Development* with respect to mortgages and loans which are the obligation of the General Insurance Fund shall be deposited with the Treasurer of the United States to the credit of such Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The **[Commissioner]** *Secretary* may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued as obligations of the General Insurance Fund or issued prior to the enactment of the Housing and Urban Development Act of 1965 under other provisions of this Act, except debentures issued under the Mutual Mortgage Insurance Fund. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

(d) Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage or loan which is the obligation of the General Insurance Fund, the receipts derived from the property covered by such mortgages and loans and from the claims, debts, contracts, property, and security assigned to the **[Commissioner]** *Secretary* in connection therewith, and all earnings on the assets of the Fund shall be credited to the General Insurance Fund. The principal of, and interest paid and to be paid on, debentures which are the obligation of such Fund, cash insurance payments and adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired, in connection with mortgages and loans which are the obligation of such Fund, shall be charged to such Fund.

(e) The General Insurance Fund shall not be used for carrying out the provisions of sections 203(b), 203(h), and 203(i), or the provisions of section 213 to the extent that they involve mortgages the insurance for which is the obligation of the Cooperative Management Housing Insurance Fund created by section 213(k); and nothing in this section shall apply to or affect any mortgages, loans, commitments, or insurance under such provisions.

OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS

SEC. 520. (a) Notwithstanding any other provisions of this Act with respect to the payment of insurance benefits, the **[Commissioner]** *Secretary* is authorized, in his discretion, to pay in cash or in debentures any insurance claim or part thereof which is paid on or after the date of

the enactment of the Housing and Urban Development Act of 1965 on a mortgage or a loan which was insured under any section of this Act either before or after such date. If payment is made in cash, it shall be in an amount equivalent to the face amount of the debentures that would otherwise be issued plus an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the [Commissioner] *Secretary*.

(b) The [Commissioner] *Secretary* is authorized to borrow from the Treasury from time to time such amounts as the [Commissioner] *Secretary* shall determine are necessary to make payments in cash (in lieu of issuing debentures guaranteed by the United States, as provided in this Act) pursuant to the provisions of this section. Notes or other obligations issued by the [Commissioner] *Secretary* in borrowing under this subsection shall be subject to such terms and conditions as the Secretary of the Treasury may prescribe. Each sum borrowed pursuant to this subsection shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of such notes or other obligations.

APPROVAL OF TECHNICALLY SUITABLE MATERIALS

SEC. 521. The [Commissioner] *Secretary* shall adopt a uniform procedure for the acceptance of materials and products to be used in structures approved for mortgages or loans insured under this Act. Under such procedure any material or product which the [Commissioner] *Secretary* finds is technically suitable for the use proposed shall be accepted. Acceptance of a material or product as technically suitable shall not be deemed to restrict the discretion of the [Commissioner] *Secretary* to determine that a structure, with respect to which a mortgage is executed, is economically sound or an acceptable risk.

WATER AND SEWER FACILITIES

SEC. 522. Notwithstanding any other provision of this Act, no mortgage which covers new construction shall be approved for insurance under this Act (except pursuant to a commitment made prior to the date of the enactment of the Housing and Urban Development Act of 1965) if the mortgaged property includes housing which is not served by a public or adequate community water and sewerage system: *Provided*, That this limitation shall be applicable only to property which is not served by a system approved by the [Commissioner] *Secretary* pursuant to title X of this Act and which is situated in an area certified by appropriate local officials to be an area where the establishment of public or adequate community water and sewerage systems is economically feasible: *Provided further*, That for purposes of this section the economic feasibility of establishing such public or adequate community water and sewerage systems shall be determined without regard to whether such establishment is authorized by law or is subject to approval by one or more local governments or public bodies.

TITLE VI—WAR HOUSING INSURANCE

SEC. 601. As used in this title—

(a) The term “mortgage” means a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable; or (2) under a lease having a period of not less than fifty years to run from the date the mortgage was executed; and the term “first mortgage” means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

(b) The term “mortgagee” includes the original lender under a mortgage, and his successors and assigns approved by the [Commissioner] *Secretary*; and the term “mortgagor” includes the original borrower under a mortgage and his successors and assigns.

(c) The term “maturity date” means the date on which the mortgage indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage.

(d) The term “State” includes the several States, and Puerto Rico, the District of Columbia, Guam, and the Virgin Islands.

SEC. 602.

SEC. 603. (a) In order to assist in relieving the acute shortage of housing which now exists and to increase the supply of housing accommodations available to veterans of World War II at prices within their reasonable ability to pay, the [Commissioner] *Secretary* is authorized, upon application by the mortgagee, to insure as hereinafter provided any mortgage which is eligible for insurance as hereinafter provided, and, upon such terms as the [Commissioner] *Secretary* may prescribe, to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the aggregate amount of principal obligations of all mortgages insured under this title shall not exceed \$6,150,000,000 except that with the approval of the President such aggregate amount may be increased to not to exceed \$6,650,000,000: *Provided further*, That no mortgage shall be insured under section 603 of this title after April 30, 1948, except (A) pursuant to a commitment to insure issued on or before April 30, 1948, or (B) a mortgage given to refinance an existing mortgage insured under section 603 of this title and which does not exceed the original principal amount and unexpired term of such existing mortgage, and no mortgage shall be insured under section 608 of this title after March 1, 1950, except (i) pursuant to a commitment to insure issued on or before March 1, 1950, or (ii) a mortgage given to refinance an existing mortgage insured under section 608 of this title and which does not exceed the original principal amount and unexpired term of such existing mortgage: *Provided further*, That no mortgage shall be insured under section 608 of this title unless the mortgagor certifies under oath that in selecting tenants for the property covered by the mortgage he will not discriminate against any family by reason of the fact that there are children in the family, and that he will not sell the property while the insurance is in effect unless the purchaser so certifies, such certifications to be filed with the [Commissioner] *Secretary*; and violation of any such certification shall be a misdemeanor punishable by a fine of

not to exceed \$500: *And provided further*, That the **[Commissioner]** *Secretary* shall, in his discretion, have power to require the availability for rental purposes of properties covered by mortgages insured under this title, in such instances and for such periods of time as he may prescribe.

Notwithstanding the first proviso of this subsection, mortgages may be insured under section 609 and section 611 of this title if the aggregate amounts of principal obligations of mortgages insured under said sections plus the aggregate amount of principal obligations of mortgages insured under section 610 of this title do not exceed the limitation contained in said section 610 upon the aggregate amount of principal obligations of mortgages insured pursuant to said section.

Notwithstanding the second proviso of this subsection, mortgages otherwise eligible for insurance under section 608 of this title may be hereafter insured thereunder if the application for such insurance was received **[in any field office of]** *by* the **[Federal Housing Administration]** *Department of Housing and Urban Development* on or before March 1, 1950, and for such purpose the aggregate amount of principal obligations authorized to be insured under section 608 of this title is increased by not to exceed \$500,000,000.

(b) To be eligible for insurance under this section a mortgage shall—

(1) have been made to, and be held by, a mortgagee approved by the **[Commissioner]** *Secretary* as responsible and able to service the mortgage properly;

(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the **[Commissioner]** *Secretary* shall approve) in an amount not to exceed 90 per centum of the **[Commissioner's]** *Secretary's* estimate of the value (as of the date the mortgage is accepted for insurance), except that as to applications received by the **[Commissioner]** *Secretary* on or before March 31, 1948, the mortgage may involve a principal obligation in an amount not to exceed 90 per centum of the **[Commissioner's]** *Secretary's* estimate of the necessary current cost (including the land and such initial service charges and such appraisal, inspection, and other fees as the **[Commissioner]** *Secretary* shall approve); of a property, urban, suburban, or rural, upon which there is located a dwelling designed principally for residential use for not more than four families in the aggregate, which is approved for mortgage insurance prior to the beginning of construction. The principal obligation of such mortgage shall in no event, however, exceed—

(A) \$5,400 if such dwelling is designed for a single-family residence, or

(B) \$7,500 if such dwelling is designed for a two-family residence, or

(C) \$9,500 if such dwelling is designed for a three-family residence, or

(D) \$12,000 if such dwelling is designed for a four-family residence: *Provided*, That the **[Commissioner]** *Secretary* may, if he finds that at any time or in any particular geographical area it is not feasible, within such limitations of maximum mortgage amounts to construct dwellings without

sacrifice of sound standards of construction, design, or livability, prescribe by regulation or otherwise higher maximum mortgage amounts not to exceed—

(A) \$8,100 if such dwelling is designed for a single-family residence, or

(B) \$12,500 if such dwelling is designed for a two-family residence, or

(C) \$15,750 if such dwelling is designed for a three-family residence, or

(D) \$18,000 if such dwelling is designed for a four-family residence.

(3) have a maturity satisfactory to the **[Commissioner]** *Secretary* but not to exceed twenty-five years from the date of the insurance of the mortgage;

(4) contain complete amortization provisions satisfactory to the **[Commissioner]** *Secretary*;

(5) bear interest (exclusive of premium charges for insurance) at not to exceed 4 per centum per annum on the amount of the principal obligation outstanding at any time.

(6) provide, in a manner satisfactory to the **[Commissioner]** *Secretary*, for the application of the mortgagor's periodic payments (exclusive of the amount allocated to interest and to the premium charge which is required for mortgage insurance as herein provided) to amortization of the principal of the mortgage; and

(7) contain such terms and provisions with respect to insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the **[Commissioner]** *Secretary* may in his discretion prescribe.

(c) The **[Commissioner]** *Secretary* is authorized to fix a premium charge for the insurance of mortgages under this title but in the case of any mortgage such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1½ per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payment or prepayments. Such premium charges shall be payable by the mortgagee, either in cash, or in debentures issued by the **[Commissioner]** *Secretary* under this title at par plus accrued interest, in such manner as may be prescribed by the **[Commissioner]** *Secretary*: *Provided*, That the **[Commissioner]** *Secretary* may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. If the **[Commissioner]** *Secretary* finds, upon the presentation of a mortgage for insurance and the tender of the initial premium charge and such other charges as the **[Commissioner]** *Secretary* may require, that the mortgage complies with the provisions of this title, such mortgage may be accepted for insurance by endorsement or otherwise as the **[Commissioner]** *Secretary* may prescribe; but no mortgage shall be accepted for insurance under this title unless the **[Commissioner]** *Secretary* finds that the project with respect

to which the mortgage is executed is an acceptable risk in view of the shortage of housing referred to in this section. In the event that the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the **[Commissioner]** *Secretary* is further authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the **[Commissioner]** *Secretary* determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured under this title, until such maturity date; and in the event that the principal obligation is paid in full as herein set forth, the **[Commissioner]** *Secretary* is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid. The **[Commissioner]** *Secretary* shall prescribe such procedures as in his judgment are necessary to secure to veterans of World War II, and their immediate families, and to hardship cases as defined by the **[Commissioner]** *Secretary*, preference or priority of opportunity to purchase or rent properties covered by mortgages insured under this title.

(d) Any contract of insurance heretofore or hereafter executed by the **[Commissioner]** *Secretary* under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

SEC. 604. (a) In any case in which the mortgagee under a mortgage insured under section 603 shall have foreclosed and taken possession of the mortgaged property, in accordance with regulations of, and within a period to be determined by, the **[Commissioner]** *Secretary* or shall, with the consent of the **[Commissioner]** *Secretary* have otherwise acquired such property from the mortgagor after default, the mortgagee shall be entitled to receive the benefit of the insurance as hereinafter provided, upon (1) the prompt conveyance to the **[Commissioner]** *Secretary* of title to the property which meets the requirements of rules and regulations of the **[Commissioner]** *Secretary* in force at the time the mortgage was insured, and which is evidenced in the manner prescribed by such rules and regulations; and (2) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims as may have been released with the consent of the **[Commissioner]** *Secretary*. Upon such conveyance and assignment the obligation of the mortgagee to pay the premium charges for insurance shall cease and the **[Commissioner]** *Secretary* shall, subject to the cash adjustment hereinafter provided, issue to the mortgagee debentures having a total face value equal to the value of the mortgage and a certificate of claim, as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined, in accordance with rules and regulations prescribed by the **[Commissioner]** *Secretary*, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the

date of the institution of foreclosure proceedings, or on the date of the acquisition of the property after default other than by foreclosure, the amount of all payments which have been made by the mortgagee for taxes, ground rents, and water rates, which are liens prior to the mortgage, special assessments which are noted on the application for insurance or which become liens after the insurance of the mortgage, insurance of the mortgaged property, and any mortgage insurance premiums and by deducting from such total amount any amount received on account of the mortgage after either of such dates, and any amount received as rent or other income from the property, less reasonable expenses incurred in handling the property, after either of such dates: *Provided*, That with respect to mortgages which are foreclosed before there shall have been paid on account of the principal obligation of the mortgage a sum equal to 10 per centum of the appraised value of the property as of the date the mortgage was accepted for insurance, there may be included in the debentures issued by the **[Commissioner]** *Secretary*, on account of the cost of foreclosure (or of acquiring the property by other means) actually paid by the mortgagee and approved by the **[Commissioner]** *Secretary* an amount—

(1) not in excess of 2 per centum of the unpaid principal of the mortgage as of the date of the institution of foreclosure proceedings and not in excess of \$75; or

(2) not in excess of two-thirds of such cost, whichever is the greater: *Provided further*, That with respect to any debentures issued on or after the date of enactment of the Housing Act of 1964, the **[Commissioner]** *Secretary* may, with the consent of the mortgagee (in lieu of issuing a certificate of claim as provided in subsection (e)), include in debentures, in addition to amounts otherwise allowed for such costs, an amount not to exceed one-third of the total foreclosure, acquisition, and conveyance costs actually paid by the mortgagee and approved by the **[Commissioner]** *Secretary*, but in no event may the total allowance for such costs exceed the amount actually paid by the mortgagee: *And provided further*, That with respect to mortgages to which the provisions of sections 302 and 306 of the Soldiers' and Sailors' Civil Relief Act of 1940, as now or hereafter amended, apply and which are insured under section 603 of the National Housing Act, as now or hereafter amended, and subject to such regulations and conditions as the **[Commissioner]** *Secretary* may prescribe, there shall be included in the debentures an amount which the **[Commissioner]** *Secretary* finds to be sufficient to compensate the mortgagee for any loss which it may have sustained on account of interest on debentures and the payment of insurance premiums by reason of its having postponed the institution of foreclosure proceedings or the acquisition of the property by other means during any part or all of the period of such military service and three months thereafter.

(b) The **[Commissioner]** *Secretary* may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage: *Provided*, That the

mortgagor shall not be released from such liability in any case until the **[Commissioner]** *Secretary*, is satisfied that the mortgaged property has been sold to a purchaser satisfactory to the **[Commissioner]** *Secretary*, and that such purchaser has paid on account of the purchase price, in cash or its equivalent, at least 10 per centum of the **[Commissioner's]** *Secretary's* estimate of the value as of the date the mortgage is accepted for insurance.

(c) Debentures issued under this title shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the **[Commissioner]** *Secretary* with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the value of the mortgage determined as herein provided and the aggregate face value of the debentures issued, not to exceed \$350, shall be adjusted by the payment of cash by the **[Commissioner]** *Secretary* to the mortgagee from the General Insurance Fund.

(d) The debentures issued under this section to any mortgagee shall be executed in the name of the General Insurance Fund as obligor, shall be signed by the **[Commissioner]** *Secretary* by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date foreclosure proceedings were instituted, or the property was otherwise acquired by the mortgagee after default, except that debentures issued pursuant to claims for insurance filed on or after the date of enactment of the Housing Act of 1964, shall be dated as of the date of default or as of such later date as the **[Commissioner]** *Secretary*, in his discretion, may establish by regulation. The debentures shall bear interest from such date at a rate determined by the **[Commissioner]** *Secretary*, with the approval of the Secretary of the Treasury, at the time the mortgage was accepted for insurance, but not to exceed 3 per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year. Such debentures as are issued in exchange for property covered by mortgages accepted for insurance under this section on or after the date of enactment of the National Housing Act Amendments of 1942, shall mature ten years after the date thereof. Such debentures as are issued in exchange for property covered by mortgages accepted for insurance under this section prior to the date of the enactment of the National Housing Act Amendments of 1942, shall mature three years after the 1st day of July following the maturity date of the mortgage on the property in exchange for which the debentures were issued: *Provided*, That any mortgagee entitled to receive such debentures may elect to receive in lieu thereof debentures which shall mature ten years after the date thereof. Such debentures shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States, or by the District of Columbia, or by any State, county, municipality, or local taxing authority, and shall be paid out of the General Insurance Fund, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures.

In the event that the General Insurance Fund fails to pay upon demand, when due, the principal of or interest on any debentures issued under this title, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

(e) The certificate of claim issued by the **[Commissioner]** *Secretary* to any mortgagee shall be for an amount which the **[Commissioner]** *Secretary* determines to be sufficient, when added to the face value of the debentures issued and the cash adjustment paid to the mortgagee, to equal the amount which the mortgagee would have received if, at the time of the conveyance to the **[Commissioner]** *Secretary* of the property covered by the mortgage, the mortgagor had redeemed the property and paid in full all obligations under the mortgage and a reasonable amount for necessary expenses incurred by the mortgagee in connection with the foreclosure proceedings, or the acquisition of the mortgaged property otherwise, and the conveyance thereof to the **[Commissioner]** *Secretary*. Each such certificate of claim shall provide that there shall accrue to the holder of such certificate with respect to the face amount of such certificate, an increment at the rate of 3 per centum per annum which shall not be compounded. The amount to which the holder of any such certificate shall be entitled shall be determined as provided in subsection (f).

(f)(1) If, after deducting (in such manner and amount as the **[Commissioner]** *Secretary* shall determine to be equitable and in accordance with sound accounting practice) and expenses incurred by the **[Commissioner]** *Secretary*, the net amount realized from any property conveyed to the **[Commissioner]** *Secretary* under this section and the claims assigned therewith exceed the face value of the debentures issued and the cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be divided as follows:

(i) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such property, the **[Commissioner]** *Secretary* shall pay to the holder of such certificate the full amount so payable, and any excess remaining thereafter shall be paid to the mortgagor of such property: *Provided*, That on and after the date of enactment of the Housing Act of 1964, any excess remaining after payment to the holder of the full amount of the certificate of claim shall be retained by the **[Commissioner]** *Secretary* and credited to the General Insurance Fund; and

(ii) If such excess is equal to or less than the total amount payable under such certificate of claim, the **[Commissioner]** *Secretary* shall pay to the holder of such certificate the full amount of such excess.

(2) Notwithstanding any other provisions of this section, the **[Commissioner]** *Secretary* is authorized, with the consent of the mortgagee or mortgagor, as the case may be, to effect the settlement of certificates of claim and refunds at any time after the sale or transfer of title to the property conveyed to the **[Commissioner]** *Secretary*

under this section and without awaiting the final liquidation of such property for the purpose of determining the net amount to be realized therefrom: *Provided*, That the settlement authority created by the Housing Amendments of 1955 shall be terminated with respect to any certificate of claim outstanding as of the date of enactment of the Housing Act of 1964.

(3) With the consent of the holder thereof, the **[Commissioner]** *Secretary* is authorized to settle, without awaiting the final liquidation of the **[Commissioner's]** *Secretary's* interest in the property, any certificate of claim issued pursuant to subsection (e), with respect to which a settlement had not been effected prior to the date of enactment of the Housing Act of 1964, by making payment in cash to the holder thereof of such amount, not exceeding the face amount of the certificate of claim, together with the accrued interest increment thereon, as the **[Commissioner]** *Secretary* may consider appropriate: *Provided*, That in any case where the certificate of claim is settled in accordance with the provisions of this paragraph, any amounts realized after the date of enactment of the Housing Act of 1964, in the liquidation of the **[Commissioner's]** *Secretary's* interest in the property, shall be retained by the **[Commissioner]** *Secretary* and credited to the applicable insurance fund.

(g) Notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, the **[Commissioner]** *Secretary* shall have power to deal with, complete, rent, renovate, modernize, insure, make contracts or establish suitable agencies for the management of, or sell for cash or credit, in his discretion, any properties conveyed to him in exchange for debentures and certificates of claim as provided in this title; and notwithstanding any other provision of law, the **[Commissioner]** *Secretary* shall also have power to pursue to final collection, by way of compromise or otherwise, all claims against mortgagors assigned by mortgagees to the **[Commissioner]** *Secretary* as provided in this title, except that no suit or action shall be commenced by the **[Commissioner]** *Secretary* against any such mortgagor on account of any claim so assigned with respect to mortgages insured under section 603 unless such suit or action is commenced within six months after the assignment of such claim to the **[Commissioner]** *Secretary*, or within six months after the last payment was made to the **[Commissioner]** *Secretary* with respect to the claim so assigned, whichever is later: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of such property if the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the **[Commissioner]** *Secretary* deeds of conveyances, deeds of release, assignments, and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein heretofore or hereafter acquired by the **[Commissioner]** *Secretary* pursuant to the provisions of this Act, may be exercised by the **[Commissioner]** *Secretary* or by any **[Assistant Commissioner]** *an officer* appointed by him, without the execution of any express delegation of power or power of attorney: *Provided*, That nothing in this subsection shall be construed to prevent the **[Commis-**

sioner] *Secretary* from delegating such power by order or by power of attorney in his discretion, to any officer, agent, or employee he may appoint.

(h) No mortgagee or mortgagor shall have and no certificate of claim shall be construed to give to any mortgagee or mortgagor, any right or interest in any property conveyed to the [Commissioner] *Secretary* or in any claim assigned to him; nor shall the [Commissioner] *Secretary* owe any duty to any mortgagee or mortgagor with respect to the handling or disposal of any such property or the collection of any such claim.

SEC. 605.

SEC. 606. Nothing in this title shall be construed to exempt any real property acquired and held by the [Commissioner] *Secretary* under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

SEC. 607. The [Commissioner] *Secretary* is authorized and directed to make such rules and regulations as may be necessary to carry out the provision of this title.

SEC. 608. (a) In addition to mortgages insured under section 603 of this title, the [Commissioner] *Secretary* is authorized to insure mortgages as defined in section 601 of this title (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided.

(b) To be eligible for insurance under this section a mortgage shall meet the following conditions:

(1) The mortgaged property shall be held by a mortgagor approved by the [Commissioner] *Secretary*. The [Commissioner] *Secretary* may, in his discretion, require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation. The [Commissioner] *Secretary* may make such contracts with, and acquire for not to exceed \$100 stock or interest in any such mortgagor, as the [Commissioner] *Secretary* may deem necessary to render effective such restrictions or regulation. Such stock or interest shall be paid for out of the General Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the [Commissioner] *Secretary* under the insurance.

(2) Preference or priority of opportunity in the occupancy of the mortgaged property for veterans of World War II and their immediate families, and for hardship cases as defined by the [Commissioner] *Secretary*, shall be provided under such regulations and procedures as may be prescribed by the [Commissioner] *Secretary*.

(3) The mortgage shall involve a principal obligation in an amount—

(A) not to exceed \$5,000,000; and

(B) not to exceed 90 per centum of the amount which the [Commissioner] *Secretary* estimates will be the necessary current cost of the completed property or project, including the land; the proposed physical improvements; utilities within the boundaries of the property or project; architects' fees; taxes and interest accruing during construction; and other miscellaneous charges

incidental to construction and approved by the **[Commissioner] Secretary**: *Provided*, That such mortgage shall not in any event exceed the amount which the **[Commissioner] Secretary** estimates will be the cost of the completed physical improvements on the property or project, exclusive of off-site public utilities and streets, and organization and legal expenses: *And provided further*, That the principal obligation of the mortgage shall not, in any event, exceed 90 per centum of the **[Commissioner's] Secretary's** estimate of the replacement cost of the property or project on the basis of the costs prevailing on December 31, 1947, for properties or projects of comparable quality in the locality where such property or project is to be located; and

(C) not to exceed \$8,100 per family unit for such part of such property or project as may be attributable to dwelling use.

The mortgage shall provide for complete amortization by periodic payments within such terms as the **[Commissioner] Secretary** shall prescribe, and shall bear interest (exclusive of premium charges for insurance) at not to exceed $4\frac{1}{2}$ per centum per annum on the amount of the principal obligation outstanding at any time. The **[Commissioner] Secretary** may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release.

(c) The failure of the mortgagor to make any payment due under or provided to be paid by the terms of a mortgage insured under this section shall be considered a default under such mortgage, and if such default continues for a period of thirty days, the mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided, upon assignment, transfer, and delivery to the **[Commissioner] Secretary**, within a period and in accordance with rules and regulations to be prescribed by the **[Commissioner] Secretary** of (1) all rights and interest arising under the mortgage so in default; (2) all claims of the mortgagee against the mortgagors or others, arising out of the mortgage transaction; (3) all policies of title or other insurance or surety bonds or other guaranties and any and all claims thereunder; (4) any balance of the mortgage loan not advanced to the mortgagor; (5) any cash or property held by the mortgagee, or to which it is entitled; as deposits made for the account of the mortgagor and which have not been applied in reduction of the principal of the mortgage indebtedness; and (6) all records, documents, books, papers, and accounts relating to the mortgage transaction. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for mortgage insurance shall cease, and the **[Commissioner] Secretary** shall, subject to the cash adjustment provided for in section 604(c), issue to the mortgagee debentures having a total face value equal to the value of the mortgage, and a certificate of claim as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined in accordance with rules and regulations prescribed by the **[Commissioner] Secretary**, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of default, the amount the mortgagee may have paid for (A) taxes, special assessments, and water rates, which are liens prior

to the mortgage; (B) insurance on the property; and (C) reasonable expenses for the completion and preservation of the property and any mortgage insurance premiums paid after default; less the sum of (i) an amount equivalent to 1 per centum of the unpaid amount of such principal obligation on the date of default; (ii) any amount received on account of the mortgage after such date; and (iii) any net income received by the mortgagee from the property after such date: *Provided*, That the mortgagee in the event of a default under the mortgage may, at its option and in accordance with regulations of, and in a period to be determined by the **[Commissioner]** *Secretary*, proceed to foreclose on and obtain possession of or otherwise acquire such property from the mortgagor after default, and receive the benefits of the insurance as herein provided, upon (1) the prompt conveyance to the **[Commissioner]** *Secretary* of title to the property which meets the requirements of the rules and regulations of the **[Commissioner]** *Secretary* in force at the time the mortgage was insured, and which is evidenced in the manner prescribed by such rules and regulations; and (2) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims that may have been released with the consent of the **[Commissioner]** *Secretary*. Upon such conveyance and assignment, the obligation of the mortgagee to pay the premium charges for insurance shall cease and the mortgagee shall be entitled to receive the benefits of the insurance as provided in this subsection, except that in such event the 1 per centum deduction, set out in (i) hereof, shall not apply.

(d) The certificate of claim issued by the **[Commissioner]** *Secretary* to any mortgagee in connection with the insurance of mortgages under this section shall be for an amount determined in accordance with subsections (e) and (f) of section 604 of this title, except that any amount remaining after the payment of the full amount under the certificate of claim shall be retained by the **[Commissioner]** *Secretary* and credited to the General Insurance Fund.

(e) Debentures issued under this section shall be issued in accordance with the provisions of section 604(d) except that such debentures shall be dated as of the date of default as determined in subsection (c) of this section, and shall bear interest from such date.

(f) The provisions of section 207(k) of this Act shall be applicable to mortgages insured under this section, except that, as applied to such mortgages, the reference therein to subsection (g) shall be construed to refer to subsection (c) of this section.

(g) The **[Commissioner]** *Secretary* shall also have power to insure under this title, title I, title II, title VIII, or title IX any mortgage executed in connection with the sale by him of any property acquired under any of such titles without regard to limitations upon eligibility, time, or aggregate amount contained therein.

SEC. 609. (a) In order to assist in relieving the acute shortage of housing which now exists and to promote the production of housing for veterans of World War II at moderate prices or rentals within their reasonable ability to pay, through the application of modern industrial processes, the **[Commissioner]** *Secretary* is authorized to insure loans to finance the manufacture of housing (including advances

on such loans) when such loans are eligible for insurance as hereinafter provided.

(b) Loans for the manufacture of houses shall be eligible for insurance under this section if at the time of such insurance, the **Commissioner** *Secretary* determines they meet the following conditions:

(1) The manufacturer shall establish that binding purchase contracts have been executed satisfactory to the **Commissioner** *Secretary* providing for the purchase and delivery of the houses to be manufactured, which contracts shall provide for the payment of the purchase price at such time as may be agreed to by the parties thereto, but, in no event, shall the purchase price be payable on a date in excess of thirty days after the date of delivery of such houses, unless not less than 20 per centum of such purchase price is paid on or before the date of delivery and the lender has accepted and discounted or has agreed to accept and discount, pursuant to subsection (i) of this section a promissory note or notes, executed by the purchaser, representing the unpaid portion of such purchase price, in which event such unpaid portion of the purchase price may be payable on a date not in excess of one hundred and eighty days from the date of delivery of such houses;

(2) Such houses to be manufactured shall meet such requirements of sound quality, durability, livability, and safety as may be prescribed by the **Commissioner** *Secretary*;

(3) The borrower shall establish to the satisfaction of the **Commissioner** *Secretary* that he has or will have adequate plant facilities, sufficient capital funds, taking into account the loan applied for, and the experience necessary, to achieve the required production schedule;

(4) The loan shall involve a principal obligation in an amount not to exceed 90 per centum of the amount which the **Commissioner** *Secretary* estimates will be the necessary current cost, exclusive of profit, of manufacturing the houses, which are the subject of such purchase contracts assigned to secure the loan, less any sums paid by the purchaser under said purchase contracts prior to the assignment thereof. The loan shall be secured by an assignment of the aforesaid purchase contracts and of all sums payable thereunder on or after the date of such assignment, with the right in the assignee to proceed against such security in case of default as provided in the assignment, which assignment shall be in such form and contain such terms and conditions, as may be prescribed by the **Commissioner** *Secretary*; and the **Commissioner** *Secretary* may require such other agreements and undertakings to further secure the loan as he may determine, including the right, in case of default or at any time necessary to protect the lender, to compel delivery to the lender of any houses then owned and in the possession of the borrower. The loan shall have a maturity not in excess of one year from the date of the note, except that any such loan may be refinanced and extended in accordance with such terms and conditions as the **Commissioner** *Secretary* may prescribe for an additional term not to exceed one year, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4 per centum per annum on the amount of the principal obligation outstanding at any time.

(c) The **Commissioner** *Secretary* may consent to the release of a part or parts of the property assigned or delivered as security for the

loan, upon such terms and conditions as he may prescribe and the security documents may provide for such release.

(d) The failure of the borrower to make any payment due under or provided to be paid by the terms of a loan under this section, or the failure to perform any other covenant or obligation contained in any assignment, agreement, or undertaking executed by the borrower in connection with such loan shall be considered as a default under this section, and if such default continues for a period of thirty days, the lender shall be entitled to receive the benefits of the insurance hereinafter provided upon assignment, transfer, and delivery to the **Commissioner** *Secretary* within a period and in accordance with the rules and regulations prescribed by the **Commissioner** *Secretary* of (1) all rights and interest arising with respect to the loan so in default; (2) all claims of the lender against the borrower or others arising out of the loan transaction; (3) any cash or property held by the lender, or to which it is entitled, as deposits made for the account of the borrower and which have not been applied in reduction of the principal of the loan; and (4) all records, documents, books, papers, and accounts relating to the loan transaction. Upon such assignment, transfer, and delivery, the **Commissioner** *Secretary*, shall, subject to the cash adjustment provided for in section 604(c) issue to the lender debentures having a face value equal to the unpaid principal balance of the loan.

(e) Debentures issued under this section shall be issued in accordance with the provisions of section 604(d) except that such debentures shall be dated as of the date of default as determined in subsection (d) of this section and shall bear interest from such date.

(f) The provisions of sections 207(k) and 603(a) of this Act shall be applicable to loans insured under this section, except that as applied to such loans (1) the reference in section 207(k) to "subsection (g)" shall be construed to refer to "subsection (d)" of this section; (2) the references in section 207(k) to insured mortgages shall be construed to refer to the assignment or other security for loans insured under this section; and (3) the references in section 603(a) to a mortgage or mortgages shall be construed to include a loan or loans under this section. The provisions of section 603(d) shall also be applicable to loans insured under this section and the reference in said section 603(d) to a mortgage shall be construed to include a loan or loans with respect to which a contract of insurance is issued pursuant to this section.

(g) Notwithstanding any other provision of law, the **Commissioner** *Secretary* shall have the power to assign or sell at public or private sale, or otherwise dispose of, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of insurance heretofore or hereafter granted under this section, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the payment of such insurance until such time as such obligations may be referred to the Attorney General for suit or collection.

(h) The **Commissioner** *Secretary* shall fix a premium charge for the insurance granted under this section, but such premium charge shall not exceed an amount equivalent to 1 per centum of the original

principal of such loan, and such premium charge shall be payable in advance by the financial institution and shall be paid at such time and in such manner as may be prescribed by the **[Commissioner]** *Secretary*. In addition to the premium charge herein provided for, the **[Commissioner]** *Secretary* is authorized to charge and collect such amounts as he may deem reasonable for examining and processing applications for the insurance of loans under this section, including such additional inspections as the **[Commissioner]** *Secretary* may deem necessary.

(i) (1) In addition to the insurance of the principal loan to finance the manufacture of housing, as provided in this section, and in order to provide short-term financing in the sale of houses to be delivered pursuant to the purchase contract or contracts assigned as security for such principal loan, the **[Commissioner]** *Secretary* is authorized, under such terms and conditions and subject to such limitations as he may prescribe, to insure the lender against any losses it may sustain resulting from the acceptance and discount of a promissory note or notes executed by a purchaser of any such houses representing an unpaid portion of the purchase price of any such house. No such promissory note or notes accepted and discounted by the lender pursuant to this subsection shall involve a principal obligation in excess of 80 per centum of the purchase price of the manufactured house or houses; have a maturity in excess of one hundred and eighty days from the date of the note or bear interest in excess of 4 per centum per annum; nor may the principal amount to such promissory notes, with respect to any individual principal loan, outstanding and unpaid at any one time, exceed in the aggregate an amount prescribed by the **[Commissioner]** *Secretary*.

(2) The **[Commissioner]** *Secretary* is authorized to include in any contract of insurance executed by him with respect to the insurance of a loan to finance the manufacture of houses, provisions to effectuate the insurance against any such losses under this subsection.

(3) The failure of the purchaser to make any payment due under or provided to be paid by the terms of any note or notes executed by the purchaser and accepted and discounted by the lender under the provisions of this subsection, shall be considered as a default under this subsection, and if such default continues for a period of thirty days, the lender shall be entitled to receive the benefits of the insurance, as provided in subsection (d) of this section except that debentures issued pursuant to this subsection shall have a face value equal to the unpaid principal balance of the loan plus interest at the rate of 4 per centum per annum from the date of default to the date the application is filed for the insurance benefits.

(4) Debentures issued with respect to the insurance granted under this subsection shall be issued in accordance with the provisions of section 604(d) except that such debentures shall be dated as of the date application is filed for the insurance benefits and shall bear interest from such date.

(5) The **[Commissioner]** *Secretary* is authorized to fix a premium charge for the insurance granted under this subsection, in addition to the premium charge authorized under subsection (h) of this section. Such premium charge shall not exceed an amount equivalent to 1 per centum of the original principal of such promissory note or notes and

shall be paid at such time and in such manner as may be prescribed by the [Commissioner] *Secretary*.

SEC. 610. Notwithstanding any of the provisions of this title, the [Commissioner] *Secretary* is authorized, upon application by the mortgagee, to insure or to make commitments to insure under section 603 or section 608 of this title any mortgage executed in connection with the sale by the Government, or any agency or official thereof, of any housing acquired or constructed under Public Law 849, Seventy-sixth Congress, as amended; Public Law 781, Seventy-sixth Congress, as amended; or Public Laws 9, 73, or 353, Seventy-seventh Congress, as amended (including any property acquired, held or constructed in connection with such housing or to serve the inhabitants thereof), without regard to—

(1) any limit as to the time when any mortgage may be insured under this title;

(2) any limit as to the aggregate amount of principal obligations of all mortgages insured under this title, but the aggregate amount of principal obligations of all mortgages insured pursuant to this section shall not exceed \$750,000,000;

(3) any requirement that the obligation be approved for mortgage insurance prior to the beginning of construction or that the construction be new construction;

(4) any of the provisions of section 603(b)(2) or section 603(b)(5) or paragraphs (B) and (C) of the first sentence of section 608(b)(3): *Provided*, That such mortgage shall (1) otherwise be eligible for insurance under section 603 or section 608, as the case may be, (2) have a maturity not exceeding twenty-five years from the date of insurance, (3) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the [Commissioner] *Secretary* shall approve) in an amount not exceeding 90 per centum of the appraised value of the mortgage property as determined by the [Commissioner] *Secretary*, and (4) bear interest (exclusive of premium charges) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time if such mortgage covers property on which there is located a dwelling designed principally for residential use for not more than four families in the aggregate, irrespective of whether such dwelling or dwellings have a party wall or are otherwise physically connected with another dwelling or dwellings, or bear interest at not to exceed 4½ per centum per annum on the amount of the principal obligation outstanding at any time if such mortgage covers property upon which there is located a dwelling or dwellings designed principally for residential use for more than four families.

The [Commissioner] *Secretary* is further authorized to insure or to make commitments to insure in accordance with the provisions of this section any mortgage executed in connection with the sale by the [Public Housing Administration] *Secretary*, or by any public housing agency with the approval of the [said Administration] *Secretary*, of any housing (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof) owned or financially assisted pursuant to the provisions of Public Law 671, Seventy-sixth Congress.

The **[Commissioner]** *Secretary* is further authorized to insure or to make commitments to insure in accordance with the provisions of this section any mortgage executed in connection with the sale by the Government, or any agency or official thereof, of any of the so-called Greenbelt towns, or parts thereof, including projects, or parts thereof, known as Greenhills, Ohio; Greenbelt, Maryland; and Greendale, Wisconsin, developed under the Emergency Relief Appropriation Act of 1935, or of any of the village properties under the jurisdiction of the Tennessee Valley Authority, and any mortgage executed in connection with the first resale, within two years from the date of its acquisition from the Government, of any portion of a project or property of the character described in this section.

The **[Commissioner]** *Secretary* is further authorized to insure or to make commitments to insure under section 608 of this title in accordance with the provisions of this section any mortgage executed in connection with the sale by a State or municipality, or an agency, instrumentality, or body politic of either, of any permanent housing (including any property acquired, held, or constructed in connection therewith or to serve the inhabitants thereof), constructed by or on behalf of such State, municipality, agency, instrumentality, or body politic, for the occupancy of veterans of World War II, their families, and others: *Provided*, That the principal obligation of any such mortgage does not exceed either 85 per centum of the appraised value of the mortgage property as determined by the **[Commissioner]** *Secretary* of \$8,100 per family unit for such part of such property as may be attributable to dwelling use.

SEC. 611. (a) In addition to mortgages insured under other sections of this title, and in order to assist and encourage the application of cost-reduction techniques through large-scale modernized site construction of housing and the erection of houses produced by modern industrial processes, the **[Commissioner]** *Secretary* is authorized to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided.

(b) To be eligible for insurance under this section, a mortgage shall—

(1) have been made to and be held by a mortgagee approved by the **[Commissioner]** *Secretary* as responsible and able to service the mortgage properly;

(2) cover property held by a mortgagor approved by the **[Commissioner]** *Secretary*, upon which there is to be constructed or erected dwelling units for not less than twenty-five families consisting of a group of single-family dwellings approved by the **[Commissioner]** *Secretary* for mortgage insurance prior to the beginning of construction: *Provided*, That during the course of construction there may be located upon the mortgaged property a plant for the fabrication or storage of such dwellings or sections or parts thereof, and the **[Commissioner]** *Secretary* may consent to the removal or release of such plant from the lien of the mortgage upon such terms and conditions as he may approve;

(3) involve a principal obligation in an amount—

(A) not to exceed 85 per centum of the amount which the **[Commissioner]** *Secretary* estimates will be the value of the

completed property or project, exclusive of any plant of the character described in paragraph (2) of this subsection located thereon, and

(B) not to exceed a sum computed on the individual dwelling comprising the total project as follows: \$5,950 or 85 per centum of the valuation, whichever is the lower amount, with respect to each single-family dwelling: *Provided*, That if the **[Commissioner]** *Secretary* finds that it is not feasible, within the dollar amount limitation in clause (B) on the principal obligation of the mortgage, to construct dwellings containing three or four bedrooms without sacrifice of sound standards of construction, design, and livability, he may increase such dollar amount limitation by not exceeding \$850 for each additional bedroom (as defined by the **[Commissioner]** *Secretary*) in excess of two contained in each such dwelling if he finds that such dwelling meets sound standards of design and livability as a three-bedroom unit or a four-bedroom unit, as the case may be, but the amount computed under clause (B) for each such dwelling shall not exceed, in any event, \$7,650.

With respect to the insurance of advances during construction, the **[Commissioner]** *Secretary* is authorized to approve advances by the mortgagee to cover the cost of materials delivered upon the mortgaged property and labor performed in the fabrication or erection thereof;

(4) provide for complete amortization by periodic payments within such term as the **[Commissioner]** *Secretary* shall prescribe and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4 per centum per annum on the amount of the principal obligation outstanding at any time: *Provided*, That the **[Commissioner]** *Secretary*, with the approval of the Secretary of the Treasury, may prescribe by regulation a higher maximum rate of interest, not exceeding 4½ per centum per annum on the amount of the principal obligation outstanding at any time, if he finds that the mortgage market demands it. The **[Commissioner]** *Secretary* may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release, and the mortgage may provide that, upon the completion of the construction of the project, such mortgage may be replaced by individual mortgages covering each individual dwelling in the project. Each such individual mortgage may be insured under this section with the mortgagor being either the builder who constructed the dwellings or the owner and occupant of the dwelling at the time, and where the mortgagor is the owner and occupant, may involve a principal obligation in such amount and have such maturity and interest rate as a mortgage eligible for insurance under section 203(b) (2) (D) of this Act.

(c) Preference or priority of opportunity in the occupancy of the mortgaged property for veterans of World War II and their immediate families and for hardship cases as defined by the **[Commissioner]**

Secretary shall be provided under such regulations and procedures as may be prescribed by the [Commissioner] *Secretary*.

(d) The provisions of subsections (c), (d), (e), and (f) of section 608 shall be applicable to mortgages insured under this section covering a project described in subsection (b) of this section, and the provisions of subsections (a), (b), (c), (d), (e), (f), and (h) of section 604 shall be applicable to the individual mortgages insured pursuant to subsection (b) (4) of this section covering individual dwellings in the project.

SEC. 612. Notwithstanding any other provision of this title, no mortgage or loan shall be insured under any section of this title after the effective date of the Housing Act of 1954 except pursuant to a commitment to insure issued on or before such date.

TITLE VII—INSURANCE FOR INVESTMENTS IN RENTAL HOUSING FOR FAMILIES OF MODERATE INCOME

AUTHORITY TO INSURE

SEC. 701. The purpose of this title is to supplement the existing systems of mortgage insurance for rental housing under this Act by a special system of insurance designed to encourage equity investment in rental housing at rents within the capacity of families of moderate income. To effectuate this purpose, the [Commissioner] *Secretary* is authorized, upon application by the investor, to insure as hereinafter provided, and, prior to the execution of insurance contracts and upon such terms as the [Commissioner] *Secretary* shall prescribe, to make commitments to insure, the minimum annual amortization charge and an annual return on the outstanding investment of such investor in any project which is eligible for insurance as hereinafter provided in an amount (herein called the "insured annual return") equal to such rate of return, not exceeding $2\frac{3}{4}$ per centum per annum, on such outstanding investment as shall, after consultation with the Secretary of the Treasury, be fixed in the insurance contract or in the commitment to insure: *Provided*, That any insurance contract made pursuant to this title expire as of the first day of the operating year for which the outstanding investment amounts to not more than 10 per centum of the established investment.

ELIGIBILITY

SEC. 702. (a) To be eligible for insurance under this title, a project shall meet the following conditions:

(1) The [Commissioner] *Secretary* shall be satisfied that there is, in the locality or metropolitan area of such project, a need for new rental dwellings at rents comparable to the rents proposed to be charged for the dwellings in such project.

(2) Such project shall be economically sound, and the dwellings in such project shall be acceptable to the [Commissioner] *Secretary* as quality, design, size, and type.

(b) Any insurance contract executed by the [Commissioner] *Secretary* under this title shall be conclusive evidence of the eligibility of the project and the investor for such insurance, and the validity of any insurance contract so executed shall be incontestable in the hands of

an investor from the date of the execution of such contract, except for fraud or misrepresentation on the part of such investor.

(c) After completion of the project the investor must establish in a manner satisfactory to the [Commissioner] *Secretary* that the project is free and clear of liens and that there are no other outstanding unpaid obligations contracted in connection with the construction of the project, except taxes and such other liens and obligations as may be approved or prescribed by the [Commissioner] *Secretary*. Debentures issued by the investor which are payable out of net income from the project and from the benefits of the insurance contract shall not be construed as "unpaid obligations" as such term is used in this subsection.

PREMIUMS AND FEES

SEC. 703. (a) For insurance granted pursuant to this title the [Commissioner] *Secretary* shall fix and collect a premium charge in an amount not exceeding one-half of 1 per centum of the outstanding investment for the operating year for which such premium charge is payable without taking into account the excess earnings, if any, applied, in addition to the minimum annual amortization charge, to amortization of the outstanding investment. Such premium charge shall be payable annually in advance by the investor, either in cash or in debentures issued by the [Commissioner] *Secretary* under this title at par plus accrued interest: *Provided*, That, if in any operating year the gross income shall be less than the operating expenses, the premium charge payable during such operating year shall be waived, but only to the extent of the amount of the difference between such expenses and such income and subject to subsequent payment out of any excess earnings as hereinafter provided.

(b) With respect to any project offered for insurance under this title, the [Commissioner] *Secretary* is authorized to charge and collect reasonable fees for examination, and for inspection during the construction of the project: *Provided*, That such fees shall not aggregate more than one-half of 1 per centum of the estimated investment.

RENTS

SEC. 704. The [Commissioner] *Secretary* shall require that the rents for the dwellings in any project insured under this title shall be established in accordance with a rent schedule approved by the [Commissioner] *Secretary*, and that the investor shall not charge or collect rents for any dwellings in the project in excess of the appropriate rents therefor as shown in the latest rent schedule approved pursuant to this section. Prior to approving the initial or any subsequent rent schedule pursuant to this section, the [Commissioner] *Secretary* shall find that such schedule affords reasonable assurance that the rents to be established thereunder are (1) not lower than necessary, together with all other income to be derived from or in connection with the project, to produce reasonably stable revenues sufficient to provide for the payment of the operating expenses, the minimum annual amortization charge, and the minimum annual return; and (2) not higher than necessary to meet the need for dwellings for families of moderate income.

EXCESS EARNINGS

SEC. 705. For all of the purposes of any insurance contract made pursuant to this title, 50 per centum of the excess earnings, if any, for any operating year may be applied, in addition to the minimum annual return, to return on the outstanding investment but only to the extent that such application thereof does not result in an annual return of more than 5 per centum of the outstanding investment for such operating year, and the balance of any such excess earnings shall be applied, in addition to the minimum annual amortization charge, to amortization of the outstanding investment: *Provided*, That if in any preceding operating years the gross income shall have been less than the operating expenses, such excess earnings shall be applied to the extent necessary in whole or in part, first, to the reimbursement of the amount of the difference between such expenses (exclusive of any premium charges previously waived hereunder) and such income, and, second, to the payment of any premium charges previously waived hereunder.

FINANCIAL STATEMENTS

SEC. 706. With respect to each project insured under this title, the **【Commissioner】** *Secretary* shall provide that, after the close of each operating year, the investor shall submit to him for approval a financial and operating statement covering such operating year. If any such financial and operating statement shall not have been submitted or, for proper cause, shall not have been approved by the **【Commissioner】** *Secretary*, payment of any claim submitted by the investor may, at the option of the **【Commissioner】** *Secretary*, be withheld, in whole or in part, until such statement shall have been submitted and approved.

PAYMENT OF CLAIMS

SEC. 707. If in any operating year the net income of a project insured under this title is less than the aggregate of the minimum annual amortization charge and the insured annual return, the **【Commissioner】** *Secretary*, upon submission by the investor of a claim for the payment of the amount of the difference between such net income and the aggregate of the minimum annual amortization charge and the insured annual return and after proof of the validity of such claim, shall pay to the investor, in cash from the General Insurance Fund, the amount of such difference, as determined by the **【Commissioner】** *Secretary*, but not exceeding, in any event, an amount equal to the aggregate of the minimum annual amortization charge and the insured annual return. Nothing contained in this title or any other provision of law shall be construed as preventing or restricting an investor from assigning, pledging, or otherwise transferring or disposing of, subject to rules and regulations of the **【Commissioner】** *Secretary*, any or all rights, claims, or other benefits under any insurance contract made pursuant to this title to an assignee, pledgee, or other transferee, including the holders (or the trustee for such holders) of any debentures issued by the investor in connection with the project to which such insurance contract relates, and the **【Commissioner】** *Secretary* is authorized to pay claims or issue debentures in accordance with the

provisions of this section and section 708 of this title to any such assignee, pledgee, or other transferee.

DEBENTURES

SEC. 708. (a) If the aggregate of the amounts paid to the investor pursuant to section 707 hereof with respect to a project insured under this title shall at any time equal or exceed 15 per centum of the established investment, the **【Commissioner】** *Secretary* thereafter shall have the right, after written notice to the investor of his intentions so to do, to acquire, as of the first day of any operating year, such project in consideration of the issuance and delivery to the investor of debentures having a total face value equal to 90 per centum of the outstanding investment for such operating year. In any such case the investor shall be obligated to convey to said **【Commissioner】** *Secretary* title to the project which meets the requirements of the rules and regulations of the **【Commissioner】** *Secretary* in force at the time the insurance contract was executed and which is evidenced in the manner prescribed by such rules and regulations, and, in the event that the investor fails so to do, said **【Commissioner】** *Secretary* may, at his option, terminate the insurance contract.

(b) If in any operating year the aggregate of the differences between the operating expenses (exclusive of any premium charges previously waived hereunder) and the gross income for the preceding operating years, less the aggregate of any deficits in such operating expenses reimbursed from excess earnings as hereinbefore provided, shall at any time equal or exceed 5 per centum of the established investment, the investor shall thereafter have the right, after written notice to the **【Commissioner】** *Secretary* of his intentions so to do, to convey to the **【Commissioner】** *Secretary*, as of the first day of any operating year, title to the project which meets the requirements of the rules and regulations of the **【Commissioner】** *Secretary* in force at the time the insurance contract was executed and which is evidenced in the manner prescribed by such rules and regulations, and to receive from the **【Commissioner】** *Secretary* debentures having a total face value equal to 90 per centum of the outstanding investment for such operating year.

(c) Any difference, not exceeding \$50, between 90 per centum of the outstanding investment for the operating year in which a project is acquired by the **【Commissioner】** *Secretary* pursuant to this section and the total face value of the debentures to be issued and delivered to the investor pursuant to this section shall be adjusted by the payment of cash by the **【Commissioner】** *Secretary* to the investor from the General Insurance Fund.

(d) Upon the acquisition of a project by the **【Commissioner】** *Secretary* pursuant to this section, the insurance contract shall terminate.

(e) Debentures issued under this title to any investor shall be executed in the name of the General Insurance Fund as obligor, shall be signed by the **【Commissioner】** *Secretary*, by either his written or engraved signature, and shall be negotiable. Such debentures shall be dated as of the first day of the operating year in which the project for which such debentures were issued was acquired by the **【Commissioner】** *Secretary*, shall bear interest at a rate to be determined by the

【Commissioner】 *Secretary*, with the approval of the Secretary of the Treasury, at the time the insurance contract was executed, but not to exceed $2\frac{3}{4}$ per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature on the 1st day of July in such calendar year or years, not later than the fortieth following the date of the issuance thereof, as shall be determined by the 【Commissioner】 *Secretary* and stated on the face of such debentures.

(f) Such debentures shall be in such form and in such denominations in multiples of \$50, shall be subject to such terms and conditions, and may include such provisions for redemption as shall be prescribed by the 【Commissioner】 *Secretary*, with the approval of the Secretary of the Treasury, and may be issued in either coupon or registered form.

(g) Such debentures shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States, or by the District of Columbia, or by any State, county, municipality, or local taxing authority, shall be payable out of the General Insurance Fund, which shall be primarily liable therefor, and shall be fully and unconditionally guaranteed, as to both the principal thereof and the interest thereon, by the United States, and such guaranty shall be expressed on the face thereof. In the event that the General Insurance Fund fails to pay upon demand, when due, the principal of or the interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof, which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

(h) Notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real and other property by the United States, the 【Commissioner】 *Secretary* shall have power, for the protection of the General Insurance Fund, to pay out of said Fund all expenses or charges in connection with, and to deal with, complete, reconstruct, rent, renovate, modernize, insure, make contracts for the management of, or establish suitable agencies for the management of, or sell for cash or credit or lease in his discretion, in whole or in part, any project acquired pursuant to this title; and, notwithstanding any other provisions of law, the 【Commissioner】 *Secretary* shall also have power to pursue to final collection by way of compromise or otherwise all claims acquired by, or assigned or transferred to him in connection with the acquisition or disposal of any project pursuant to this title: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of any project acquired pursuant to this title if the amount of such purchase or contract does not exceed \$1,000.

TERMINATION

SEC. 709. The investor, after written notice to the 【Commissioner】 *Secretary* of his intention so to do, may terminate, as of the close of any operating year, any insurance contract made pursuant to this title.

The **Commissioner** *Secretary* shall prescribe the events and conditions under which said **Commissioner** *Secretary* shall have the option to terminate any insurance contract made pursuant to this title, and the events and conditions under which said **Commissioner** *Secretary* may reinstate any insurance contract terminated pursuant to this section or section 708(a). If any insurance contract is terminated pursuant to this section, the **Commissioner** *Secretary* may require the investor to pay an adjusted premium charge in such amount as the **Commissioner** *Secretary* determines to be equitable, but not in excess of the aggregate amount of the premium charges which such investor otherwise would have been required to pay if such insurance contract had not been so terminated.

INSURANCE FUND

SEC. 710.

TAXATION PROVISIONS

SEC. 711. Nothing in this title shall be construed to exempt any real property acquired and held by the **Commissioner** *Secretary* under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

RULES AND REGULATIONS

SEC. 712. The **Commissioner** *Secretary* may make such rules and regulations as may be necessary or desirable to carry out the provisions of this title, including, without limiting the foregoing, rules and regulations relating to the maintenance by the investor of books, records, and accounts with respect to the project and the examination of such books, records, and accounts by representatives of the **Commissioner** *Secretary*; the submission of financial and operating statements and the approval thereof; the submission of claims for payments under insurance contracts, the proof of the validity of such claims, and the payment or disallowance thereof; the increase of the established investment if the investor shall make capital improvements or additions to the project; the decrease of the established investment if the investor shall sell part of the project; and the reduction of the outstanding investment for the appropriate operating year or operating years pending the restoration of dwelling or nondwelling facilities damaged by fire or other casualty. With respect to any investor which is subject to supervision or regulation by a State banking, insurance, or other State department or agency, the **Commissioner** *Secretary* may, in carrying out any of his supervisory and regulatory functions with respect to projects insured under this title, utilize, contract with, and act through such department or agency and without regard to section 3709 of the Revised Statutes.

DEFINITIONS

SEC. 713. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

(a) "Investor" shall mean (1) any natural person; (2) any group of not more than ten natural persons; (3) any corporation, company,

association, trust, or other legal entity; or (4) any combination of two or more corporations, companies, associations, trusts, or other legal entities, having all the powers necessary to comply with the requirements of this title, which the [Commissioner] *Secretary* (i) shall find to be qualified by business experience and facilities, to afford assurance of the necessary continuity of long-term investment, and to have available the necessary capital required for long-term investment in the project, and (ii) shall approve as eligible for insurance under this title.

(b) "Project" shall mean a project (including all property, real and personal, contracts, rights, and choses in action acquired, owned, or held by the investor in connection therewith) of an investor designed and used primarily for the purpose of providing dwellings the occupancy of which is permitted by the investor in consideration of agreed charges: *Provided*, That nothing in this title shall be construed as prohibiting the inclusion in a project of such stores, offices, or other commercial facilities, recreational or community facilities, or other non-dwelling facilities as the [Commissioner] *Secretary* shall determine to be necessary or desirable appurtenances to such project.

(c) "Estimated investment" shall mean the estimated cost of the development of the project, as stated in the application submitted to the [Commissioner] *Secretary* for insurance under this title.

(d) "Established investment" shall mean the amount of the reasonable costs, as approved by the [Commissioner] *Secretary*, incurred by the investor in, and necessary for, carrying out all works and undertakings for the development of a project and shall include the premium charge for the first operating year and the cost of all necessary surveys, plans and specifications, architectural, engineering, or other special services, land acquisition, site preparation, construction, and equipment; a reasonable return on the funds of the investor paid out in the course of the development of the project, up to and including the initial occupancy date; necessary expenses in connection with the initial occupancy of the project; and the cost of such other items as the [Commissioner] *Secretary* shall determine to be necessary for the development of the project, (1) less the amount by which the rents and revenues derived from the project up to and including the initial occupancy date exceeded the reasonable and proper expenses, as approved by the [Commissioner] *Secretary*, incurred by the investor in, and necessary for, operating and maintaining said project up to and including the initial occupancy date, or (2) plus the amount by which such expenses exceeded such rents and revenues, as the case may be.

(e) "Physical completion date" shall mean the last day of the calendar month in which the [Commissioner] *Secretary* determines that the construction of the project is substantially completed and substantially all of the dwellings therein are available for occupancy.

(f) "Initial occupancy date" shall mean the last day of the calendar month in which 90 per centum in number of the dwellings in the project on the physical completion date shall have been occupied, but shall in no event be later than the last day of the sixth calendar month next following the physical completion date.

(g) "Operating year" shall mean the period of twelve consecutive calendar months next following the initial occupancy date and each succeeding period of twelve consecutive calendar months, and the

period of the first twelve consecutive calendar months next following the initial occupancy date shall be the first operating year.

(h) "Gross income" for any operating year shall mean the total rents and revenues and other income derived from, or in connection with, the project during such operating year.

TITLE VIII—ARMED SERVICES HOUSING MORTGAGE INSURANCE

SEC. 801. As used in this title—

(a) The term "mortgage" means a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable; or (2) under a lease for a period of not less than fifty years to run from the date the mortgage was executed; and the term "first mortgage" means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured hereby.

(b) The term "mortgagee" includes the original lender under a mortgage, and his successors and assigns approved by the [Commissioner] *Secretary*; and the term "mortgagor" includes the original borrower under a mortgage, his successors and assigns.

(c) The term "maturity date" means the date on which the mortgage indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage.

(d) The term "housing accommodations" means housing designed for occupancy by military personnel and their dependents, assigned to duty at or near the military installation where such housing units are constructed.

(e) The term "personnel" shall include military and civilian personnel approved by the Secretary of Defense, or his designee, and the dependents of all such personnel.

(f) The term "military" includes Army, Navy, Marine Corps, Air Force, and Coast Guard.

(g) The term "State" includes the several States, and Puerto Rico, the District of Columbia, Guam, the Virgin Islands, the Canal Zone, and Midway Island."

SEC. 802.

SEC. 803. (a) In order to assist in relieving the acute shortage and urgent need for family housing which now exists at or in areas adjacent to military installations because of uncertainty as to the permanency of such installations and to increase the supply of necessary family housing accommodations for personnel at such installations, the [Commissioner] *Secretary* is authorized, upon application of the mortgagee, to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided, and, upon such terms as the [Commissioner] *Secretary* may prescribe, to make commitments for so insuring such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the aggregate amount of principal obligations of all mortgages insured under this title (except mortgages insured pursuant to the provisions of this title in effect prior to the enactment of the Housing

Amendments of 1955) shall not exceed \$2,300,000,000: *And provided further*, That the limitation in section 217 of this Act shall not apply to this title: *And provided further*, That no more mortgages shall be insured under this section after October 1, 1962, except pursuant to a commitment to insure before such date, and not more than twenty-eight thousand family housing units shall be contracted for after June 30, 1959, pursuant to any mortgage insured under this section after such date.

(b) To be eligible for insurance under this title a mortgage shall meet the following conditions:

(1) The mortgaged property shall be held by a mortgagor approved by the **[Commissioner]** *Secretary*. The **[Commissioner]** *Secretary* may, in his discretion, require such mortgagor to be regulated or restricted as to capital structure, and methods of operation. The **[Commissioner]** *Secretary* may make such contracts with, and acquire for not to exceed \$100 stock or interest in, any such mortgagor, as the **[Commissioner]** *Secretary* may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of the General Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the **[Commissioner]** *Secretary* under the insurance.

(2) The mortgaged property shall be designed for use for residential purposes by personnel of the armed services and situated at or near a military installation, and the **[Secretary or his designee]** *Secretary of Defense or his designee* shall have certified that there is no intention, so far as can reasonably be foreseen, to substantially curtail the personnel assigned or to be assigned to such installation, and (i) shall have determined that for reasons of safety, security, or other essential military requirements, it is necessary that the personnel involved reside in public quarters (*Provided, however*, That for the purposes of this subsection housing covered by a mortgage insured, or for which a commitment to insure has been issued under section 803 prior to the enactment of the "Housing Amendments of 1955" may be considered the same as available quarters), and (ii) with the approval of the **[Commissioner]** *Secretary*, shall have determined that adequate housing is not available for such personnel at reasonable rentals within reasonable commuting distance of the installation and that the mortgaged property will not, so far as can reasonably be foreseen, substantially curtail occupancy in existing housing covered by mortgages insured under this Act. The housing accommodations shall comply with such standards and conditions as the **[Commissioner]** *Secretary* may prescribe to establish the acceptability of such property for mortgage insurance, except that the certification of the Secretary of Defense or his designee shall (for purposes of mortgage insurance under this title) be conclusive evidence to the **[Commissioner]** *Secretary* of the existence of the need for such housing. However, if the **[Commissioner]** *Secretary* does not concur in the housing needs as **[certified by the Secretary]** *certified by the Secretary of Defense*, the **[Commissioner]** *Secretary* may **[require the Secretary]** *require the Secretary of Defense* to guarantee the General Insurance Fund against loss with respect to the mortgage covering such housing. The **[Commissioner]** *Secretary* shall report to the Committees on Banking and Currency of the Senate and the House of Representatives

each instance in which he has required the **Secretary** *Secretary of Defense to guarantee* the General Insurance Fund, with reasons therefor. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guaranty.

(3) The mortgage shall involve a principal obligation in an amount—

(A) not to exceed the amount which the **Commissioner** *Secretary* estimates will be the replacement cost of the property or project when the proposed improvements are completed (the cost of the property or project as such term is used in this paragraph may include the cost of the land, the physical improvements, and utilities within the boundaries of the property or project);

(B) not to exceed an average of \$16,500 per family unit for such part of such property or project (including ranges, refrigerators, shades, screens, and fixtures) as may be attributable to dwelling use: *Provided*, That the replacement cost of the property or project as determined by the **Commissioner** *Secretary*, including the estimated value of any usable utilities within the boundaries of the property or project where owned by the United States and not provided for out of the proceeds of the mortgage, shall not exceed an average of \$16,500 per family unit: *Provided further*, That should the financing of housing to be constructed pursuant to a single invitation for bids be accomplished by two or more mortgages, the principal obligation of any single mortgage may exceed an average of \$16,500 per family unit if the sum of the principal obligations of all mortgages for such housing does not exceed an average of \$16,500 per family unit: *And provided further*, That subject to the limitations of this paragraph no family unit included in any mortgaged property shall be contracted for after the date of enactment of the Military Construction Act of 1960 if the cost of such unit exceeds \$19,800; and

(C) not to exceed the bid of the eligible bidder with respect to the property or project under section 403 of the Housing Amendments of 1955.

The mortgage shall provide for complete amortization by periodic payments within such terms as the **Commissioner** *Secretary* shall prescribe, but not to exceed thirty years from the beginning of amortization of the mortgage, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4½ per centum per annum of the amount of the principal obligation outstanding at any time. The **Commissioner** *Secretary* may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release. The property or project may include such non-dwelling facilities as the **Commissioner** *Secretary* deems adequate to serve the occupants.

(c) The **Commissioner** *Secretary* is authorized to fix a premium charge for the insurance of mortgages under this title but in the case of any mortgage such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1½ per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking

into account delinquent payments or prepayments. Such premium charges shall be payable by the mortgagee, either in cash, or in debentures issued by the [Commissioner] *Secretary* under this title at par plus accrued interest, in such manner as may be prescribed by the [Commissioner] *Secretary*: *Provided*, That the [Commissioner] *Secretary* mortgagee for insurance and the tender of the initial premium charge at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. If the [Commissioner] *Secretary* finds, upon, the presentation of a mortgage for insurance and the tender of the initial premium charge and such other charges as the [Commissioner] *Secretary* may require that the mortgage complies with the provisions of this title, such mortgage may be accepted for insurance by endorsement or otherwise as the [Commissioner] *Secretary* may prescribe. In the event that the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the [Commissioner] *Secretary* is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid. The [Commissioner] *Secretary* may reduce the payment of premium provided for herein. The [Commissioner] *Secretary* is further authorized to reduce the amount of the premium charge below one-half of 1 per centum per annum with respect to any mortgage on property acquired by the Secretary of Defense or his designee if the mortgage is insured pursuant to the provisions of this title as in effect prior to August 11, 1955.

(d) The failure of the mortgagor to make any payment due under or provided to be paid by the terms of a mortgage insured under this title shall be considered a default under such mortgage, and, if such default continues for a period of thirty days, the mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided, upon assignment, transfer, and delivery to the [Commissioner] *Secretary*, within a period and in accordance with rules and regulations to be prescribed by the [Commissioner] *Secretary* of (1) all rights and interest arising under the mortgage so in default; (2) all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transactions; (3) all policies of title or other insurance or surety bonds or other guaranties and any and all claims thereunder; (4) any balance of the mortgage loan not advanced to the mortgagor; (5) any cash or property held by the mortgagee, or to which it is entitled, as deposits made for the account of the mortgagor and which have not been applied in reduction of the principal of the mortgage indebtedness; and (6) all records, documents, books, papers, and accounts relating to the mortgage transaction. Upon such assignment, transfer, and delivery, the obligation of the mortgagee to pay the premium charges for mortgage insurance shall cease, and the [Commissioner] *Secretary* shall, subject to the cash adjustment provided for in subsection (e) of this section, issue to the mortgagee debentures having a total face value equal to the value of the mortgage, and a certificate of claim as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined in accordance with rules and regulations prescribed by the [Commissioner]

Secretary, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of default, the amount the mortgagee may have paid for (A) taxes, special assessments, and water rates, which are liens prior to the mortgage; (B) insurance on the property; and (C) reasonable expenses for the completion and preservation of the property and any mortgage insurance premiums paid after default; less the sum of (i) any amount received on account of the mortgage after such date; and (ii) any net income received by the mortgagee from the property after such date.

(e) Debentures issued under this title shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the **[Commissioner]** *Secretary* with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the value of the mortgage determined as herein provided and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the **[Commissioner]** *Secretary* to the mortgagee from the General Insurance Fund.

(f) Debentures issued under this title shall be executed in the name of the General Insurance Fund as obligor, shall be signed by the **[Commissioner]** *Secretary*, by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date of default as determined in accordance with subsection (d) of this section, and shall bear interest from such date at a rate established by the **[Commissioner]** *Secretary* pursuant to section 224, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature twenty years after the date thereof. Such debentures shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States or by the District of Columbia, or by any State, county, municipality, or local taxing authority. They shall be paid out of the General Insurance Fund, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event the General Insurance Fund fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

(g) The certificate of claim issued by the **[Commissioner]** *Secretary* to any mortgagee in connection with the insurance of mortgages under this title shall be for an amount determined in accordance with subsections (e) and (f) of section 604 of this Act, except that any amount remaining after the payment of the full amount under the certificate of claim shall be retained by the **[Commissioner]** *Secretary* and credited to the General Insurance Fund.

(h) The provisions of section 207(k) and section 207(1) of this Act shall be applicable to mortgages insured under this title and to property acquired by the **[Commissioner]** *Secretary* hereunder, except

that, as applied to such mortgages and property, the reference in section 207(k) to subsection (g) shall be construed to refer to subsection (d) of this section.

(i) The **Commissioner** *Secretary* shall also have power to insure under this title or title II any mortgage executed in connection with the sale by him of any property acquired under this title without regard to any limit as to eligibility, time or aggregate amount contained in this title or title II.

(j) Any contract of insurance executed by the **Commissioner** *Secretary* under this title shall be conclusive evidence of the eligibility of the mortgage for insurance and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

(k) The **Commissioner** *Secretary* shall not insure any mortgage under this section unless the principal contractor or contractors engaged in the construction of the project involved file a certificate or certificates (at such times, in the course of construction or otherwise, as the **Commissioner** *Secretary* may prescribe) certifying that the laborers and mechanics employed in the construction of such project have been paid not less than one and one-half times the regular rate of pay for employment in excess of eight hours in any one day or in excess of forty hours in any one week.

SEC. 804.

SEC. 805. Whenever the Secretary of the Army, Navy, or Air Force determines that it is necessary to lease any land held by the United States on or near a military installation to effectuate the purposes of this title, he may lease such land upon such terms and conditions as will, in his opinion, best serve the national interest. The authority conferred by this section shall be in addition to and not in derogation of any other power or authority of the Secretary of the Army, Navy, or Air Force.

SEC. 806. The second sentence of section 214 of the National Housing Act, as amended, relating to housing in the State¹ of Alaska, shall not apply to mortgages insured under this title on property in said State.

SEC. 807. The **Commissioner** *Secretary* is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title. **[In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Commissioner, notwithstanding the provisions of any other law, shall appoint a Special Assistant for Armed Services Housing for Mortgage Insurance, and provide the Special Assistant with adequate staff, whose whole responsibility will be to expedite operations under this title and to eliminate administrative obstacles to the full utilization of this title under the direction and supervision of the Commissioner.]**

SEC. 808. Except in the case of mortgages on multifamily rental housing projects insured under section 810, the cost certification required under section 227 of this Act shall not be required with respect to mortgages insured under the provisions of this title as amended by the Housing Amendments of 1955.

SEC. 809. (a) Notwithstanding any other provisions of this title and in addition to mortgages insured under section 803, the **Commis-**

sioner] *Secretary* may insure any mortgage under this section which meets the eligibility requirements set forth in section 203(b) of this Act: *Provided*, That a mortgage insured under this section shall have been executed by a mortgagor who at the time of insurance is the owner of the property and either occupies the property or certifies that his failure to do so is the result of a change in his employment by the Armed Forces or a contractor thereof and to whom the [Secretary or his designee] *Secretary of Defense or his designee* has issued a certificate indicating that such person requires housing and is at the date of the certificate a civilian employee at a research or development installation of one of the military departments of the United States or a contractor thereof and is considered by such military department to be an essential, nontemporary employee at such date. Such certificate shall be conclusive evidence to the [Commissioner] *Secretary* of the employment status of the mortgagor and of the mortgagor's need for housing.

(b) No mortgage shall be insured under this section unless the [Secretary or his designee] *Secretary of Defense or his designee* shall have certified to the [Commissioner] *Secretary* that the housing is necessary to provide adequate housing for such civilians employed in connection with such a research or development installation and that there is no present intention to substantially curtail the number of such civilian personnel assigned or to be assigned to such installation. Such certification shall be conclusive evidence to the [Commissioner] *Secretary* of the need for such housing but if the [Commissioner] *Secretary* determines that insurance of mortgages on such housing is not an acceptable risk, he may require the [Secretary to guarantee] *Secretary of Defense to guarantee* the General Insurance Fund from loss with respect to mortgages insured pursuant to this section. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guaranty.

(c) The [Commissioner] *Secretary* may accept any mortgage for insurance under this section without regard to any requirement in any other section of this Act, that the project or property be economically sound or an acceptable risk.

(d) Any mortgagee under a mortgage insured under this section is entitled to the benefits of insurance as provided in section 204(a) with respect to mortgages insured under section 203.

(e) The provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall apply to mortgages insured under this section except that as applicable to those mortgages: (1) all references to the "Fund" or "Mutual Mortgage Insurance Fund" shall refer to the "General Insurance Fund" and (2) all references to section 203 shall refer to this section.

(f) The provisions of sections 801, 802, 803(c), 803(i), 803(j), 804(a), 804(b), and 807 and the provisions of section 803(a) relating to the aggregate amount of all mortgages insured under this title, shall be applicable to mortgages insured under this section. No more mortgages shall be insured under this section after October 1, 1969, except pursuant to a commitment to insure before such date.

(g) (1) A mortgage secured by property which is intended to provide housing for a person (i) employed or assigned to duty at or in connection with any research or development installation of the Na-

tional Aeronautics and Space Administration and which is located at or near such installation, or (ii) employed at any research or development installation of the Atomic Energy Commission and which is located at or near such installation, may (if the mortgage otherwise meets the requirements of this section) be insured by the **[Commissioner]** *Secretary* under the provisions of this section. The Administrator of the National Aeronautics and Space Administration (or his designee), in the case of any mortgage secured by property intended to provide housing for any person employed or assigned to duty at any such installation of the National Aeronautics and Space Administration, or the Chairman of the Atomic Energy Commission (or his designee), in the case of any mortgage secured by property intended to provide housing for any person employed at such installation of the Atomic Energy Commission, is authorized to guarantee and indemnify the General Insurance Fund against loss to the extent required by the **[Commissioner]** *Secretary* in accordance with the provisions of subsection (b) of this section.

(2) For purposes of this subsection—

(i) The terms “Armed Forces”, “one of the military departments of the United States”, “military department”, **[“Secretary or his designee”, and “Secretary”]** *“Secretary of Defense or his designee”, and “Secretary of Defense”*, when used in subsections (a) and (b) of this section, shall be deemed to refer to the National Aeronautics and Space Administration (or the Administrator thereof), or the Atomic Energy Commission (or the Chairman thereof), as may be appropriate;

(ii) The term “Secretary of the Army, Navy, or Air Force”, when used in section 805, shall be deemed to refer to the National Aeronautics and Space Administration or the Administrator thereof, as may be appropriate;

(iii) The terms “civilian employee”, “civilans”, and “civilian personnel”, as used in this section, shall be deemed to refer to (A) employees of **[such Administration]** *National Aeronautics and Space Administration* or a contractor thereof or to military personnel assigned to duty at an installation of **[such Administration]** *National Aeronautics and Space Administration*, or (B) persons employed at or in connection with any research or development installation of the Atomic Energy Commission, as the case may be; and

(iv) The term “military installation” when used in section 805 shall be deemed to refer to an installation of the National Aeronautics and Space Administration.

SEC. 810. (a) Notwithstanding any other provision of this title, the **[Commissioner]** *Secretary* may insure and make commitments to insure any mortgage under this section which meets the eligibility requirements hereinafter set forth.

(b) No mortgage shall be insured under this section unless (1) the housing which is covered by the insured mortgage is necessary in the interest of national security in order to provide adequate housing for (A) military personnel and essential civilian personnel serving or employed in connection with any installation of one of the armed services of the United States, or (B) essential personnel employed or as-

signed to duty at or in connection with any research or development installation of the National Aeronautics and Space Administration or of the Atomic Energy Commission, (2) there is no present intention to curtail substantially the number of such personnel assigned or to be assigned to the installation, (3) adequate housing is not available for such personnel at reasonable rentals within reasonable commuting distances of such installation, and (4) the mortgaged property will not so far as can be reasonably foreseen substantially curtail occupancy in any existing housing in the vicinity of the installation which is covered by mortgages insured under this Act.

(c) The **【Commissioner】** *Secretary* may accept any mortgage for insurance under this section without regard to any requirement in any other section of this Act that the property or project be economically sound.

(d) The **【Commissioner】** *Secretary* shall require each project covered by a mortgage insured under this section to be held for rental for a period of not less than five years after the project or dwelling is made available for initial occupancy or until he finds that the housing may be released from such rental condition. The **【Commissioner】** *Secretary* shall prescribe such procedures as in his judgment are necessary to secure reasonable preference or priority in the sale or rental of dwellings covered by a mortgage insured under this section for military personnel and essential civilian employees of the armed services, employees of contractors for the armed services and persons described in clause (1) (B) of subsection (b) of this section.

(e) For the purpose of providing multifamily rental housing projects or housing projects consisting of individual single-family dwellings for sale, the **【Commissioner】** *Secretary* is authorized to insure mortgages (including advances on such mortgages during construction) which cover property held by a private corporation, association, cooperative society, or trust. Any such mortgagor shall possess powers necessary therefore and incidental thereto and shall until the termination of all obligations of the **【Commissioner】** *Secretary* under such insurance be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation to such extent and in such manner as to provide reasonable rentals to tenants and a reasonable return on the investment. The **【Commissioner】** *Secretary* may make such contracts with, and acquire for not to exceed \$100 such stock or interest in, any such corporation, association, cooperative society, or trust as he may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of the General Insurance Fund, and shall be redeemed by the corporation, association, cooperative society, or trust at par upon the termination of all obligations of the **【Commissioner】** *Secretary* under the insurance.

(f) To be eligible for insurance under this section, a mortgage on any multifamily rental property or project shall involve a principal obligation in an amount (1) not to exceed \$5,000,000 or (2) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$9,000 per family unit without a bedroom, \$12,500 per family unit with one bedroom, \$15,000 per family unit with two bedrooms, and \$18,500 per family unit with three or more bedrooms and

not to exceed 90 per centum of the estimated value of the property or project when the proposed physical improvements are completed. The **[Commissioner]** *Secretary* may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed 45 per centum in any geographical area where he finds that cost levels so require.

(g) To be eligible for insurance under this section a mortgage on any property or project constructed for eventual sale of single-family dwellings shall involve a principal obligation in an amount not to exceed \$5,000,000 and not to exceed a sum computed on the basis of a separate mortgage for each single-family dwelling (irrespective of whether such dwelling has a party wall or is otherwise physically connected with another dwelling or dwellings) comprising the property or project equal to the total of each of the maximum principal obligations of such mortgages which would meet the requirements of section 203(b) (2) of this Act if the mortgagor were the owner and occupant who had made the required payment on account of the property prescribed in such paragraph.

(h) Any mortgage insured under this section shall provide for complete amortization by periodic payments within such terms as the **[Commissioner]** *Secretary* may prescribe but not to exceed the maximum term applicable to mortgages under section 207 of this Act and shall bear interest (exclusive of premium charges for insurance) at not to exceed the rate applicable to mortgages insured under section 207, except that individual mortgages of the character described in subsection (g) covering the individual dwellings in the project may have a term not in excess of the maximum term applicable to mortgages insured under section 203 of this Act or the unexpired term of the project mortgage at the time of the release of the mortgaged property from such project mortgage, whichever is the greater, and shall bear interest at not to exceed the rate applicable to mortgages insured under section 203. The **[Commissioner]** *Secretary* may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release, and a mortgage of the character described in subsection (g) of this section may provide that, at any time after the release of the project from the rental period prescribed by subsection (d), such mortgage may be replaced, in whole or in part, by individual mortgages covering each individual dwelling in the project in amounts not to exceed the unpaid balance of the blanket mortgage allocable to the individual property. Each such individual mortgage may be insured under this section. Property covered by a mortgage insured under this section may include eight or more family units and may include such commercial and community facilities as the **[Commissioner]** *Secretary* deems adequate to serve the occupants.

(i) The aggregate number of dwelling units (including all units in multifamily projects or individual dwellings) covered by outstanding commitments to insure and mortgages insured under this section shall at no time exceed five thousand dwelling units.

(j) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 of this title shall be applicable to mortgages

insured under this section except individual mortgages of the character described in subsection (g) of this section covering the individual dwellings in the project, and as to such individual mortgages the provisions of subsections (a), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall be applicable: *Provided*, That wherever the words "Fund", or "Mutual Mortgage Insurance Fund" appear in section 204, such reference shall refer to the General Insurance Fund with respect to mortgages insured under this section.

(k) The provisions of section 801, 802, 803(c), 803(i), 803(j), 804(a), 804(b), and 807 and the provisions of section 803(a) relating to the aggregate amount of all mortgages insured under this title shall be applicable to mortgages insured under this section. No more mortgages shall be insured under this section after October 1, 1969, except pursuant to a commitment to insure before such date.

(l) Repealed.

SEC. 811. (a) The **【Commissioner】** *Secretary* is authorized to make payments in lieu of taxes on any real property to which title has been or is hereafter acquired by him in fee under section 803 as effective prior to August 11, 1955, and on which taxes or payments in lieu of such taxes were payable or paid prior to acquisition by the **【Commissioner】** *Secretary*. Such payments may be made in connection with tax years occurring prior to or subsequent to the date of the enactment of this section. The amount of any such payments shall not exceed taxes on similar property and shall not include interest or penalties. If the **【Commissioner】** *Secretary* has acquired or hereafter acquires title in fee to real property by foreclosure or by transfer from some other department or agency of the Government or otherwise during a tax year, he may make a payment in lieu of taxes prorated for that portion of the year remaining after his acquisition of title. This subsection shall not authorize any lien against property held by the **【Commissioner】** *Secretary*, nor the payment of any tax, nor any payment in lieu of any tax, on any interest of the **【Commissioner】** *Secretary* as lessee or mortgagee.

(b) Nothing in this title shall be construed to exempt any real property which has been or is hereafter acquired and held by the **【Commissioner】** *Secretary* under section 809 or 810 from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

TITLE IX—NATIONAL DEFENSE HOUSING INSURANCE

SEC. 901. As used in this title, the terms "mortgage," "first mortgage," "mortgagee," "mortgagor," "maturity date," and "State" shall have the same meaning as in section 201 of this Act.

SEC. 902.

SEC. 903. (a) This title is designed to supplement systems of mortgage insurance under other provisions of the National Housing Act in order to assist in providing adequate housing in areas which the President, pursuant to section 101 of the Defense Housing and Community Facilities and Services Act of 1951, shall have determined to be critical defense housing areas. The **【Commissioner】** *Secretary* is authorized upon application by the mortgagee, to insure under this

section or section 908 as hereinafter provided any mortgage which is eligible for insurance as hereinafter provided and upon such terms as the **[Commissioner]** *Secretary* may prescribe to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the property covered by the mortgage is in an area which the President, pursuant to section 101 of the Defense Housing and Community Facilities and Services Act of 1951, shall have determined to be a critical defense housing area, and that the total number of dwelling units in properties covered by mortgages insured under this title in any such area does not exceed the number authorized by the **[Housing and Home Finance Administrator]** *Secretary of Housing and Urban Development* from time to time as needed in such area for defense purposes and to be insured pursuant to this title: *Provided further*, That in the event the **[Commissioner]** *Secretary* has issued a commitment to insure a mortgage under section 903 of this title, which commitment was in force and effect on June 1, 1953, and the **[Commissioner]** *Secretary* determines that, because of changes in defense requirements, there is reasonable doubt that such housing is needed for defense purposes and that it is probable that the mortgage would become immediately in default and claim made for payment under the mortgage insurance contract if the unit or units are completed and the mortgage insured, the **[Commissioner]** *Secretary* is authorized, in the interest of conserving the General Insurance Fund, to pay (in cash from the General Insurance Fund) to the mortgagee for the account of the mortgagor such amount as the **[Commissioner]** *Secretary* shall determine to be necessary to reimburse the mortgagor the amounts paid or to be paid by the mortgagor on account of labor performed and materials in place, less the **[Commissioner's]** *Secretary's* estimate of the reasonable salvage value of such materials, plus an allowance for the development costs equal to 4 per centum of the principal amount of the mortgage specified in such commitment, and no payments shall be made pursuant to this proviso unless a claim therefor is filed not later than six months from date of the determination of lack of need and the claim is in such form and contains such supporting information, documents, and data as the **[Commissioner]** *Secretary* may require: *Provided further*, That the aggregate amount of principal obligations of all mortgages insured under this title shall not exceed such sum as may be authorized by the President from time to time for the purposes of this title pursuant to his authority under section 217 hereof: *Provided further*, That the **[Commissioner]** *Secretary* shall have power to require properties covered by mortgage insured under this title to be held for rental for such periods of time and at such rentals or other charges as he may prescribe; and, with respect to such properties being held for rental, (1) to require that the property be held by a mortgagor approved by him, and (2) to prescribe such requirements as he deems to be reasonable governing the method of operation and prohibiting or restricting sales of such properties or interests therein or agreements relating to such sales: *Provided further*, That the **[Commissioner]** *Secretary* shall require each dwelling covered by a mortgage insured under this section, for which a commitment to insure is issued after the effective date of the Housing Act of 1954, to be held for rental for a period of not less than three years after the dwelling is made available for initial

occupancy: *And provided further*, That no mortgage shall be insured under this title unless the mortgagor certifies under oath that in selecting tenants for any property covered by the mortgage he will not discriminate against any family by reason of the fact that there are children in the family, and that he will not sell the property while the insurance is in effect unless the purchaser so certifies, such certification to be filed with the **[Commissioner]** *Secretary*. Violation of any such certification shall be a misdemeanor punishable by a fine of not to exceed \$500.

(b) To be eligible for insurance under this section a mortgage shall—

(1) have been made to, and be held by, a mortgagee approved by the **[Commissioner]** *Secretary* as responsible and able to service the mortgage properly;

(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the **[Commissioner]** *Secretary* shall approve) in an amount not to exceed 90 per centum of the appraised value (as of the date the mortgage is accepted for insurance) of a property, urban, suburban, or rural, upon which there is located a dwelling designed principally for residential use for not more than two families in the aggregate, which is approved for mortgage insurance prior to the beginning of construction, the construction of which is begun after the date of enactment of this title. The principal obligation of such mortgage shall not, however, exceed \$8,100 if such dwelling is designed for a single-family residence, or \$15,000 if such dwelling is designed for a two-family residence except that the **[Commissioner]** *Secretary* may by regulation increase these amounts to not to exceed \$9,000 and \$16,000, respectively, in any geographical area where he finds that cost levels so require: *Provided*, That if the **[Commissioner]** *Secretary* finds that it is not feasible within the aforesaid dollar amount limitations to construct dwellings containing three or four bedrooms per family unit without sacrifice of sound standards of construction, design, and livability, he may increase such dollar amount limitations by not exceeding \$1,080 for each additional bedroom (as defined by the **[Commissioner]** *Secretary*) in excess of two contained in such family unit if he finds that such unit meets sound standards of livability as a three-bedroom or a four-bedroom unit, as the case may be;

(3) have a maturity satisfactory to the **[Commissioner]** *Secretary* but not to exceed thirty years from the date of the insurance of the mortgage;

(4) contain complete amortization provisions satisfactory to the **[Commissioner]** *Secretary*;

(5) bear interest (exclusive of premium charges for insurance) at not to exceed $4\frac{1}{2}$ per centum per annum on the amount of the principal obligation outstanding at any time;

(6) provide, in a manner satisfactory to the **[Commissioner]** *Secretary*, for the application of the mortgagor's periodic payments (exclusive of the amount allocated to interest and to the premium charge which is required for mortgage insurance as

herein provided) to amortization of the principal of the mortgage; and

(7) contain such terms and provisions with respect to insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the **[Commissioner]** *Secretary* may in his discretion prescribe.

(c) The **[Commissioner]** *Secretary* is authorized to fix a premium charge for the insurance of mortgages under this title but in the case of any mortgage such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to $1\frac{1}{3}$ per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the mortgagee, either in cash or in debentures issued by the **[Commissioner]** *Secretary* under this title at par plus accrued interest, in such manner as may be prescribed by the **[Commissioner]** *Secretary*: *Provided*, That the **[Commissioner]** *Secretary* may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. If the **[Commissioner]** *Secretary* finds upon the presentation of a mortgage for insurance and the tender of the initial premium charge or charges so required that the mortgage complies with the provisions of this title, such mortgage may be accepted for insurance by endorsement or otherwise as the **[Commissioner]** *Secretary* may prescribe; but no mortgage shall be accepted for insurance under this title unless the **[Commissioner]** *Secretary* finds that the project with respect to which the mortgage is executed is an acceptable risk in view of the needs of national defense. In the event the principal obligation of any mortgage accepted for insurance under the title is paid in full prior to the maturity date, the **[Commissioner]** *Secretary* is further authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the **[Commissioner]** *Secretary* determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured under this title until such maturity date; and in the event that the principal obligation is paid in full as herein set forth the **[Commissioner]** *Secretary* is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid. Upon application of the mortgagee with the consent of the mortgagor of a mortgage for which a commitment to insure has been issued pursuant to section 203 of this Act covering property on which the construction of the dwellings thereon was begun prior to the enactment of this title and the determination of prevailing wages in the locality in accordance with section 212, the **[Commissioner]** *Secretary* is authorized, notwithstanding such beginning of construction, to convert such commitment to a commitment under section 908; any charges or fees paid to the **[Commissioner]** *Secretary* with respect to such insurance under section 203 shall be credited to charges or fees due the **[Commissioner]** *Secretary* with respect to such insurance under section 908; and the determination of prevailing wages in

the locality for purposes of section 212 may be made by the Secretary of Labor at any time prior to the insurance under section 908: *Provided*, That such mortgage, or the mortgage covering the same property executed in substitution therefor, is otherwise eligible for insurance under section 908.

(d) Notwithstanding any other provisions of this or any other Act, except provisions of law enacted hereafter expressly referring to this paragraph (d), the [Commissioner, with the approval of the Housing and Home Finance Administrator,] *Secretary* is further authorized to prescribe such procedures as are necessary to secure to persons engaged or to be engaged in national defense activities preference or priority of opportunity to purchase or rent properties, or interests therein, covered by mortgages insured under this title.

(e) Any contract of insurance heretofore or hereafter executed by the [Commissioner] *Secretary* under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

SEC. 904. (a) In any case in which the mortgagee under a mortgage insured under section 903 shall have foreclosed and taken possession of the mortgaged property, in accordance with regulations of, and within a period to be determined by, the [Commissioner] *Secretary*, or shall, with the consent of the [Commissioner] *Secretary*, have otherwise acquired such property from the mortgagor after default, the mortgagee shall be entitled to receive the benefit of the insurance as hereinafter provided, upon (1) the prompt conveyance to the [Commissioner] *Secretary* of title to the property which meets the requirements of rules and regulations of the [Commissioner] *Secretary* in force at the time the mortgage was insured, and which is evidenced in the manner prescribed by such rules and regulations; and (2) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims as may have been released with the consent of the [Commissioner] *Secretary*. Upon such conveyance and assignment the obligation of the mortgagee to pay the premium charges for insurance shall cease and the [Commissioner] *Secretary* shall, subject to the cash adjustment hereinafter provided, issue to the mortgagee debentures having a total face value equal to the value of the mortgage and a certificate of claim, as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined, in accordance with rules and regulations prescribed by the [Commissioner] *Secretary*, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of the institution of foreclosure proceedings, or on the date of the acquisition of the property after default other than by foreclosure, the amount of all payments which have been made by the mortgagee for taxes, ground rents, and water rates, which are liens prior to the mortgage, special assessments which are noted on the application for insurance or which become liens after the insurance of the mortgage, insurance of the mortgaged property, and any mortgage

insurance premiums and by deducting from such total amount any amount received on account of the mortgage after either of such dates and any amount received as rent or other income from the property, less reasonable expenses, incurred in handling the property, after either of such dates: *Provided*, That with respect to mortgages which are foreclosed before there shall have been paid on account of the principal obligation of the mortgage a sum equal to 10 per centum of the appraised value of the property as of the date the mortgage was accepted for insurance, they may be included in the debentures issued by the **[Commissioner]** *Secretary*, on account of the cost of foreclosure (or of acquiring the property by other means) actually paid by the mortgagee and approved by the **[Commissioner]** *Secretary* an amount—

(1) not in excess of 2 per centum of the unpaid principal of the mortgage as of the date of the institution of foreclosure proceedings and not in excess of \$75; or

(2) not in excess of two-thirds of such cost, whichever is the greater: *Provided further*, That with respect to any debentures issued on or after the date of enactment of the Housing Act of 1964, the **[Commissioner]** *Secretary* may, with the consent of the mortgagee (in lieu of issuing a certificate of claim as provided in subsection (e)), include in debentures, in addition to amounts otherwise allowed for such costs, an amount not to exceed one-third of the total foreclosure, acquisition, and conveyance costs actually paid by the mortgagee and approved by the **[Commissioner]** *Secretary*, but in no event may the total allowance for such costs exceed the amount actually paid by the mortgagee: *And provided further*, That with respect to mortgages to which the provisions of sections 302 and 306 of the Soldiers' and Sailors' Civil Relief Act of 1940, as now or hereafter amended, apply and which are issued under section 903, and subject to such regulations and conditions as the **[Commissioner]** *Secretary* may prescribe, there shall be included in the debentures an amount which the **[Commissioner]** *Secretary* finds to be sufficient to compensate the mortgagee for any loss which it may have sustained on account of interest on debentures and the payment of insurance premiums by reason of its having postponed the institution of foreclosure proceedings or the acquisition of the property by other means during any part or all of the period of such military service and three months thereafter.

(b) The **[Commissioner]** *Secretary* may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

(c) Debentures issued under this title shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the **[Commissioner]** *Secretary* with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the amount of debentures to which the mortgagee is entitled under this section or section 908

of this Act and the aggregate face value of the debentures issued, not to exceed \$350, shall be adjusted by the payment of cash by the **[Commissioner]** *Secretary* to the mortgagee from the General Insurance Fund.

(d) The debentures issued under this section to any mortgagee shall be executed in the name of the General Insurance Fund as obligor, shall be signed by the **[Commissioner]** *Secretary* by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date foreclosure proceedings were instituted, or the property was otherwise acquired by the mortgagee after default, except that debentures issued pursuant to claims for insurance filed on or after the date of enactment of the Housing Act of 1964 shall be dated as of the date of default or as of such later date as the **[Commissioner]** *Secretary*, in his discretion, may establish by regulation. The debentures shall bear interest from such date at a rate determined by the **[Commissioner]** *Secretary*, with the approval of the Secretary of the Treasury, at the time the mortgage was accepted for insurance, but not to exceed 3 per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year. Such debentures shall mature twenty years after the date thereof. Such debentures shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, or gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States, or by the District of Columbia, or by any State, county, municipality, or local taxing authority, and shall be paid out of the General Insurance Fund, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event that the General Insurance Fund fails to pay upon demand, when due, the principal of or interest on any debentures issued under this title, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amounts so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

(e) The certificate of claim issued by the **[Commissioner]** *Secretary* to any mortgagee under this section shall be for an amount determined in accordance with, and shall contain provisions and shall be paid in accordance with, the provisions of section 204(e) and section 204(f) of this Act.

(f) Notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, the **[Commissioner]** *Secretary* shall have power to deal with, complete, rent, renovate, modernize, insure, make contracts or establish suitable agencies for the management of, or sell for cash or credit, in his discretion, any properties conveyed to him in exchange for debentures and certificates of claim as provided in this section; and notwithstanding any other provision of law, the **[Commissioner]** *Secretary* shall also have power to pursue to final collection, by way of compromise or otherwise, all claims against mortgagors assigned by mortgagees to the **[Commissioner]** *Secretary* as provided in this title: *Provided*, That section 3709 of the Revised Statutes shall not be con-

strued to apply to any purchase or contract for services or supplies on account of such property if the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the [Commissioner] *Secretary* deeds of conveyances, deeds of release, assignments, and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein heretofore or hereafter acquired by the [Commissioner] *Secretary* pursuant to the provisions of this Act, may be exercised by [the Commissioner or by any Assistant Commissioner] *an officer* appointed by him, without the execution of any express delegation or power of attorney: *Provided*, That nothing in this subsection shall be construed to prevent the [Commissioner] *Secretary* from delegating such power by order or by power of attorney in his discretion, to any officer, agent, or employee he may appoint.

(g) No mortgagee or mortgagor shall have, and no certificate of claim shall be construed to give to any mortgagee or mortgagor, any right or interest in any property conveyed to the [Commissioner] *Secretary* or in any claim assigned to him; nor shall the [Commissioner] *Secretary* owe any duty to any mortgagee or mortgagor with respect to the handling or disposal of any such property or the collection of any such claim.

SEC. 905.

SEC. 906. Nothing in this title shall be construed to exempt any real property acquired and held by the [Commissioner] *Secretary* under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

SEC. 907. The [Commissioner] *Secretary* is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title.

SEC. 908. (a) In addition to mortgages insured under section 903 of this title, the [Commissioner] *Secretary* is authorized to insure mortgages as defined in section 901 of this title (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided.

(b) To be eligible for insurance under this section a mortgage shall meet the following conditions:

(1) The mortgaged property shall be held by a mortgagor approved by the [Commissioner] *Secretary*. The [Commissioner] *Secretary* may, in his discretion, require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation. The [Commissioner] *Secretary* may make such contracts with, and acquire for not to exceed \$100 stock or interest in any such mortgagor, as the [Commissioner] *Secretary* may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of the General Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the [Commissioner] *Secretary* under the insurance.

(2) The mortgage shall involve a principal obligation in an amount—

(A) not to exceed \$5,000,000; and

(B) not to exceed 90 per centum of the amount which the [Commissioner] *Secretary* estimates will be the value of the prop-

erty or project when the proposed improvements are completed: *Provided*, That such mortgage shall not in any event exceed the amount which the [Commissioner] *Secretary* estimates will be the cost of the completed physical improvements on the property or project exclusive of off-site public utilities and streets and organization and legal expenses; and

(C) not to exceed \$8,100 per family unit (or \$7,200 per family unit if the number of rooms in such property or project does not equal or exceed four per family unit) for such part of such property or project as may be attributable to dwelling use: *Provided*, That the [Commissioner] *Secretary* may by regulation increase such dollar amount limitations by not exceeding \$900 in any geographical area where he finds that cost levels so require.

The mortgagor shall enter into the agreement required by section 227 of this Act, as amended.

The mortgage shall provide for complete amortization by periodic payments within such term as the [Commissioner] *Secretary* shall prescribe, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4½ per centum per annum on the amount of the principal obligation outstanding at any time. The [Commissioner] *Secretary* may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release.

(c) The mortgagee shall be entitled to receive debentures in connection with mortgages insured under this section in the amount and under the conditions specified in subsection (g) of section 207 of this Act, and the references in said subsection (g) to the cash adjustment provided for in subsection (j) of section 207 and to the certificate of claim provided for in subsection (h) of section 207 shall be deemed to refer respectively to the cash adjustment provided for in subsection (c) of section 904 of this Act and to the certificate of claim provided for in subsection (d) of this section.

(d) The certificate of claim issued by the [Commissioner] *Secretary* to any mortgagee under this section shall be for an amount determined in accordance with, and shall contain provisions and shall be paid in accordance with, the provisions of section 207(h) of this Act.

(e) Debentures issued under this section shall be issued in accordance with the provisions of section 904 (c) and (d) except that such debentures shall be dated as of the date of default as determined in subsection (c) of this section, and shall bear interest from such date.

(f) The provisions of section 207(k) and section 207(1) of this Act shall be applicable to mortgages insured under this section and to property acquired by the [Commissioner] *Secretary* hereunder, except that, as applied to such mortgages and property, the reference therein to subsection (g) shall be construed to refer to subsection (c) of this section.

(g) In any case where an application for insurance under section 608 of this Act was received by the [Federal Housing Commissioner] *Secretary of Housing and Urban Development* on or before March 1, 1950, and has not been rejected or committed upon, the mortgagee upon reapplication for insurance of a mortgage under this section 908

with respect to the same property shall receive credit for any application fees paid in connection with the prior application: *Provided*, That this subsection shall not constitute a waiver of any requirements otherwise applicable to the insurance of mortgages under this section.

(h) The **【Commissioner】** *Secretary* shall grant preference to applications for insurance under this title to mortgages covering housing of lower rents.

TITLE X—MORTGAGE INSURANCE FOR LAND DEVELOPMENT

DEFINITIONS

SEC. 1001. As used in this title—

(a) the term “mortgage” means a lien or liens on real estate in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable, or (2) under a lease having a period of not less than fifty years to run from the date the mortgage was executed;

(b) the term “first mortgage” includes such classes of first liens as are commonly given to secure advances (including but not limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and may be in the form of trust mortgages or mortgage indentures or deeds of trusts securing notes, bonds, or other credit instruments;

(c) the terms “mortgage”, “mortgagor”, and “State” have the same meaning as in section 207 of this Act;

(d) the term “improvements” means waterlines and water supply installations, sewerlines and sewerage disposal installations, roads, streets, curbs, gutters, sidewalks, storm drainage facilities, and other installations or work, whether on or off the site, which the **【Commissioner】** *Secretary* deems necessary or desirable to prepare land primarily for residential and related uses or to provide facilities for public or common use; but such term shall not include any building unless it is (1) a building which is needed in connection with a water supply or sewage disposal installation or (2) a building, other than a school, which is to be owned and maintained jointly by the property owners; and

(e) the term “land development” means the process of making, installing, or constructing improvements.

BASIC CONDITIONS FOR INSURANCE

SEC. 1002. (a) The **【Commissioner】** *Secretary* is authorized (1) to insure upon such terms and conditions as he may prescribe, any first mortgage (including advances on such mortgage) in accordance with the provisions of this title, and (2) to make a commitment for the insurance of such mortgage prior to the date of execution of such mortgage or prior to the date of disbursement of the mortgage proceeds. No mortgage shall be insured under this title after October 1,

1969, except pursuant to a commitment to insure issued before such date.

(b) The mortgage shall—

(1) be executed by a mortgagor, other than a public body, approved by the [Commissioner] *Secretary*;

(2) be made to and held by a mortgagee approved by the [Commissioner] *Secretary*; and

(3) cover the land to be developed and the improvements to be made with the assistance of the mortgage insurance under this title, except facilities intended for public use and in public ownership.

(c) The principal obligation of the mortgage shall (1) not exceed 75 per centum of the [Commissioner's] *Secretary's* estimate of the value of the property upon completion of the land development, and (2) not exceed the sum of 50 per centum of the [Commissioner's] *Secretary's* estimate of the value of the land before development and 90 per centum of his estimate of the cost of such development. The outstanding principal obligations of mortgages involving a single land development undertaking, as defined by the [Commissioner] *Secretary*, shall at no time exceed \$10,000,000.

(d) The mortgage shall—

(1) have a maturity not to exceed seven years or such longer maturity as the [Commissioner] *Secretary* deems reasonable in the case of a privately owned system for water or sewerage, and contain repayment provisions satisfactory to the [Commissioner] *Secretary*;

(2) bear interest at a rate satisfactory to the [Commissioner] *Secretary*, and such interest shall be exclusive of premium charges for mortgage insurance and such service charges and fees as may be approved by the [Commissioner] *Secretary*; and

(3) contain such terms and provisions with respect to protection of the security, payment of taxes, delinquency charges, prepayment, additional and secondary liens, and other matters as the [Commissioner] *Secretary* may in his discretion prescribe.

(e) A property or project to be financed by a mortgage insured under this title shall—

(1) represent a good mortgage insurance risk; and

(2) involve improvements that comply with all applicable State and local governmental requirements and with minimum standards approved by the [Commissioner] *Secretary*.

LAND PLANNING

SEC. 1003. (a) The land development covered by a mortgage insured under this title shall be undertaken pursuant to a schedule, conforming to such requirements and procedures as the [Commissioner] *Secretary* may prescribe, that will assure the use of the land for the purposes for which it is to be developed within the shortest reasonable period consistent with the objectives of sound and economic community growth or urban development.

(b) The land development shall be undertaken in accordance with an overall development plan, appropriate to the scope and character of the undertaking, which—

(1) has received all governmental approvals required by State or local law or by the **[Commissioner]** *Secretary*;

(2) is acceptable to the **[Commissioner]** *Secretary* as providing reasonable assurance that the land development will contribute to good living conditions in the area being developed, which area (A) will have a sound economic base and a long economic life, (B) will be characterized by sound land-use patterns, and (C) will include or be served by such shopping, school, recreational, transportation, and other facilities as the **[Commissioner]** *Secretary* deems adequate or necessary; and

(3) is consistent with a comprehensive plan which covers, or with comprehensive planning being carried on for, the area in which the land is situated, and which meets criteria established by the **[Housing and Home Finance Administrator]** *Secretary* for such plans or planning.

ENCOURAGEMENT OF SMALL BUILDERS AND MODERATE COST HOUSING

SEC. 1004. The **[Commissioner]** *Secretary* shall adopt such requirements as he deems necessary in land development covered by mortgages insured under this title to encourage the maintenance of a diversified local homebuilding industry, broad participation by builders, and the inclusion of a proper balance of housing for families of moderate or low income.

WATER AND SEWERAGE FACILITIES

SEC. 1005. After development of the land it shall be served by public systems for water and sewerage which are consistent with other existing or prospective systems within the area, except that the **[Commissioner]** *Secretary* may approve an adequate privately or cooperatively owned system which will be regulated in a manner acceptable to him with respect to user rates and charges, capital structure, methods of operation, rate of return, and conditions and terms of any sale or transfer.

RELEASES

SEC. 1006. The **[Commissioner]** *Secretary* may, on such terms and conditions as he may prescribe, consent to the release or subordination of a part or parts of the mortgaged property from the lien of the mortgage.

PREMIUMS AND FEES

SEC. 1007. The **[Commissioner]** *Secretary* shall collect reasonable premiums for the insurance of any mortgage under this title and make such charges as he determines are reasonable for the analysis of the land development plan and the appraisal and inspection of the property and improvements. On or before January 1, 1967, the **[Commissioner]** *Secretary* shall make a report to the Congress concerning the premium rates and other charges under this title that he estimates will be adequate to provide income sufficient for a self-supporting program.

INSURANCE BENEFITS

SEC. 1008. The provisions of subsections (e), (g), (h), (i), (j) (k), (l), and (n) of section 207 of this Act shall be applicable to mortgages insured under this title, except that as applied to such mortgages (1) any reference therein to section 207 shall be deemed to refer to this title, and (2) any reference to an annual premium shall be deemed to refer to such premiums as the **[Commissioner]** *Secretary* may designate under this title.

INCONTESTABILITY PROVISIONS

SEC. 1009. Any contract of insurance executed by the **[Commissioner]** *Secretary* under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or material misrepresentation on the part of such approved mortgagee.

RULES AND REGULATIONS

SEC. 1010. The **[Commissioner]** *Secretary* is authorized to make such rules and regulations and to require such agreements as he may deem necessary or desirable to carry out the provisions of this title.

TAXATION PROVISIONS

SEC. 1011. Nothing in this title shall be construed to exempt any real property acquired and held by the **[Commissioner]** *Secretary* under this title from taxation by any State or political subdivision thereof to the same extent, according to its value, as other real property is taxed.

COST CERTIFICATION

SEC. 1012. (a) The **[Commissioner]** *Secretary* shall adopt such requirements as he determines necessary to assure, at reasonable intervals of time during land development and upon completion of such development, that the amount of the mortgage loan outstanding at each such interval does not exceed with respect to that portion of the land remaining under the lien of the mortgage (1) 50 per centum of the **[Commissioner's]** *Secretary's* estimate of the value of such remaining land before development, plus (2) 90 per centum of the actual costs of the development allocated by the **[Commissioner]** *Secretary* to such remaining land.

(b) From time to time during, and upon completion of, the development, the **[Commissioner]** *Secretary* shall require the mortgagor to certify as to the actual costs of development of the land.

(c) Certifications required pursuant to this section shall be accompanied by such data and records as the **[Commissioner]** *Secretary* shall prescribe.

(d) A mortgagor's certification approved by the **[Commissioner]** *Secretary* shall be final and incontestable except for fraud or material misrepresentation on the part of the mortgagor.

(e) As used in this section, the term "actual costs" means the costs (exclusive of kickbacks, rebates, or trade discounts) to the mortgagor of the improvements involved. These costs may include amounts paid for labor, materials, construction contracts, land planning, engineers' and architect's fees, surveys, taxes, and interest during development, organizational and legal expenses, such allocation of general overhead expenses as are acceptable to the [Commissioner] *Secretary*, and other items of expense incidental to development which may be approved by the [Commissioner] *Secretary*. If the [Commissioner] *Secretary* determines there is an identity of interest between the mortgagor and the contractor, there may be included an allowance for contractor's profit in an amount deemed reasonable by the [Commissioner] *Secretary*.

Approved June 27, 1934.

UNITED STATES HOUSING ACT OF 1937

[Public Law 412, 75th Congress; 50 Stat. 888; 42 U.S.C. 1401 et seq.]

AN ACT to provide financial assistance to the States and political subdivisions thereof for the elimination of unsafe and insanitary housing conditions, for the eradication of slums, for the provisions of decent, safe, and sanitary dwellings for families of low income, and for the reduction of unemployment and the stimulation of business activity, to create a United States Housing Authority, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

DECLARATION OF POLICY

SEC. 1. It is hereby declared to be the policy of the United States to promote the general welfare of the Nation by employing its funds and credit, as provided in this Act, to assist the several States and their political subdivisions to alleviate present and recurring unemployment and to remedy the unsafe and insanitary housing conditions and the acute shortage of decent, safe, and sanitary dwellings for families of low income, in urban and rural nonfarm areas, that are injurious to the health, safety, and morals of the citizens of the Nation.

In the development of low-rent housing it shall be the policy of the United States to make adequate provision for larger families and for families consisting of elderly persons. It is the policy of the United States to vest in the local public housing agencies the maximum amount of responsibility in the administration of the low-rent housing program, including responsibility for the establishment of rents and eligibility requirements (subject to the approval of the Authority), with due consideration to accomplishing the objectives of this Act while effecting economies.

DEFINITIONS

SEC. 2. When used in this Act—

(1) The term "low-rent housing" means decent, safe, and sanitary dwellings within the financial reach of families of low income, and developed and administered to promote serviceability, efficiency, economy, and stability, and embraces all necessary appurtenances thereto.

The dwellings in low-rent housing shall be available solely for families of low income.

Except as otherwise provided in section 23, income limits for occupancy and rents shall be fixed by the public housing agency and approved by the Authority after taking into consideration (A) the family size, composition, age, physical handicaps, and other factors which might affect the rent-paying ability of the family, and (B) the economic factors which affect the financial stability and solvency of the project.

(2) The term "families of low income" means families (including elderly and displaced families) who are in the lowest income group and who cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe, and sanitary dwellings for their use. The term "families" includes families consisting of a single person in the case of elderly families and displaced families, and includes the remaining member of a tenant family. The term "elderly families" means families whose heads (or their spouses), or whose sole members, have attained the age at which an individual may elect to receive an old-age benefit under title II of the Social Security Act, or are under a disability as defined in section 223 of that Act, or are handicapped within the meaning of section 202 of the Housing Act of 1959. The term "displaced families" means families displaced by urban renewal or other governmental action, or families whose present or former dwellings are situated in areas determined by the Small Business Administration, subsequent to April 1, 1965, to have been affected by a natural disaster, and which have been extensively damaged or destroyed as the result of such disaster.

(3) The term "slum" means any area where dwellings predominate which, by reason of dilapidation, overcrowding, faulty arrangement or design, lack of ventilation, light or sanitation facilities, or any combination of these factors, are detrimental to safety, health, or morals.

(4) The term "slum clearance" means the demolition and removal of buildings from any slum area.

(5) The term "development" means any or all undertakings necessary for planning, land acquisition, demolition, construction, or equipment, in connection with a low-rent housing project. The term "development cost" shall comprise the costs incurred by a public housing agency in such undertakings and their necessary financing (including the payment of carrying charges, but not beyond the point of physical completion), and in otherwise carrying out the development of such project. Construction activity in connection with a low-rent housing project may be confined to the reconstruction, remodeling, or repair of existing buildings. In cases where the public housing agency is also the local public agency for the purposes of title I of the Housing Act of 1949, or in cases where the public housing agency and the local public agency for purposes of such title I operate under a combined central administrative office staff, an administration building included in a low-rent housing project to provide central administrative office facilities may also include sufficient facilities for the administration of the functions of such local public agency, and in such case, the Authority shall require that an economic rent shall be charged for the

facilities in such building which are used for the administration of the functions of such local public agency, and shall be paid from funds derived from sources other than the low-rent housing projects of such public housing agency.

(6) The term "administration" means any or all undertakings necessary for management, operation, maintenance, or financing in connection with a low-rent-housing or slum-clearance project, subsequent to physical completion.

(7) The term "Federal project" means any project owned or administered by the Authority.

(8) The term "acquisition cost" means the amount prudently required to be expended by a public housing agency in acquiring a low-rent-housing or slum-clearance project.

(9) The term "non-dwelling facilities" shall include site development, improvements and facilities located outside building walls (including streets, sidewalks, and sanitary, utility, and other facilities).

(10) The term "going Federal rate" means the annual rate of interest (or, if there shall be two or more such rates of interest, the highest thereof) specified in the most recently issued bonds of the Federal Government having a maturity of ten years or more, determined, in the case of loans or annual contributions, respectively, at the date of Presidential approval of the contract pursuant to which such loans or contributions are made: *Provided*, That, with respect to any loans or annual contributions made pursuant to a contract approved by the President after the first annual rate has been specified as provided in this proviso, the term "going Federal rate" means the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (beginning with the six-month period ending December 31, 1953) during which the contract is approved by the President, which applicable rate for each six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of fifteen or more years from the first day of such month of May or November, and by adjusting such estimated average annual yield to the nearest one-eighth of one per centum: *And provided further*, That for the purposes of this Act, the going Federal rate shall be deemed to be not less than $2\frac{1}{2}$ per centum.

(11) The term "public housing agency" means any State, county, municipality, or other governmental entity or public body (excluding the Authority), which is authorized to engage in the development or administration of low-rent housing or slum clearance. The Authority shall enter into contracts for financial assistance with a State or State agency where such State or State agency makes application for such assistance for an eligible project which, under the applicable laws of the State, is to be developed and administered by such State or State agency.

(12) The term "State" includes the States of the Union, the District of Columbia, and the Territories, dependencies, and possessions of the United States.

(13) The term "Authority" means the United States Housing Authority created by section 3 of this Act.

(14) The term "initiated" when used in reference to the date on which a project was initiated refers to the date of the first contract interest (or, if there shall be two or more such rates of interest, the Authority and the public housing agency).

SEC. 3. (a) There is hereby created in the [Department of the Interior] *Department of Housing and Urban Development* and under the general supervision of the Secretary thereof a body corporate of perpetual duration to be known as the United States Housing Authority, which shall be an agency and instrumentality of the United States.

(b) The powers of the Authority shall be vested in and exercised by [an Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate. The Administrator shall serve for a term of five years and shall be removable by the President upon notice and hearing for neglect of duty or malfeasance but for no other cause.] *the Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary")*.

(c) [The Administrator shall receive a salary of \$10,000 a year, shall be eligible for reappointment, and shall not engage in any other business, vocation, or employment.] [Neither the Administrator nor any] *No officer or employee of the Authority shall participate in any matter affecting his personal interests or the interest of any corporation, partnership, or association in which he is directly or indirectly interested.*

SEC. 4. [(a) The Administrator is authorized, subject to the civil-service laws and the Classification Act of 1923, as amended, to appoint and fix the compensation of such employees as may be necessary for the proper performance of the duties of the Authority under this Act; except that without regard to the civil-service laws he may appoint such officers, attorneys and experts, and such employees whose compensation is in excess of \$1,980 per annum, as may be necessary to carry out the purposes of this Act.

(b) Appointment to positions made under the provisions of this Act the annual salary of which is in excess of \$7,500 per annum shall be subject to confirmation by the Senate.]

[(c)] (a) The [Administrator] *Secretary* may accept and utilize such voluntary and uncompensated services and with the consent of the agency concerned may utilize such officers, employees, equipment, and information of any agency of the Federal, State, or local governments as he finds helpful in the performance of the duties of the Authority. In connection with the utilization of such services, the Authority may make reasonable payments for necessary traveling and other expenses.

[(d)] (b) The President may at any time in his discretion transfer to the Authority any right, interest, or title held by any department or agency of the Federal Government in any housing or slum-clearance projects (constructed or in process of construction on the date of enactment of this Act), any assets, contracts, records, libraries, research materials, and other property held in connection with any such housing or slum-clearance projects or activities, any unexpended balance of funds allocated to such department or agency for the development,

administration or assistance of any housing or slum-clearance projects or activities, and any employees who have been engaged in work connected with housing or slum clearance. The Authority may continue any or all activities undertaken in connection with projects so transferred, subject to the provisions of this Act.

SEC. 5. (a) The principal office of the Authority shall be in the District of Columbia, but it may establish branch offices or agencies in any State, and may exercise any of its powers at any place within the United States. The Authority may, by one or more of its officers or employees or by such agents or agencies as it may designate, conduct hearings or negotiations at any place.

(b) The Authority [shall sue] *may sue* and be sued in its own name, and shall be represented in all litigated matters by the Attorney General or such attorney or attorneys as he may designate.

[(c) The Authority shall have an official seal, which shall be judicially noticed.]

[d] (c) The Authority shall be granted the free use of the mails in the same manner as the executive departments of the Government.

[e] (d) The Authority, including but not limited to its franchise, capital, reserves, surplus, loans, income, assets, and property of any kind, shall be exempt from all taxation now or hereafter imposed by the United States or by any State, county, municipality, or local taxing authority. Obligations, including interest thereon, issued by public housing agencies in connection with low-rent-housing or slum-clearance projects, and the income derived by such agencies from such projects, shall be exempt from all taxation now or hereafter imposed by the United States.

SEC. 6. (a) The Authority may make such expenditures, subject to audit under the general law, for the acquisition and maintenance of adequate administrative agencies, offices, vehicles, furnishings, equipment, supplies, books, periodicals, printing and binding, for attendance at meetings, for any necessary traveling expenses within the United States, its Territories, dependencies, or possessions, and for such other expenses as may from time to time be found necessary for the proper administration of this Act. Such financial transactions of the Authority as the making of loans, annual contributions, and capital grants, and the acquisition, sale, exchange, lease, or other disposition of real and personal property, and vouchers approved by the [Administrator] *Secretary* in connection with such financial transactions, shall be final and conclusive upon all officers of the Government; except that all such financial transactions of the Authority shall be audited by the General Accounting Office at such times and in such manner as the Comptroller General of the United States may by regulation prescribe.

(b) Repealed.

(c) The use of funds made available for the purposes of this Act shall be subject to the provisions of section 2 of title 3 of the Treasury and Post Office Appropriation Act for the fiscal year 1934 (47 Stat. 1489), and to make such provisions effective every contract or agreement of any kind pursuant to this Act shall contain a provision identical to the one prescribed in section 3 of title 3 of such Act.

(d) No annual contribution, grant, or loan, and no contract for any annual contribution, grant, or loan, under this Act, shall be undertaken by the Authority except with the approval of the President.

(e) With respect to all projects under title II of Public Law 671, Seventy-sixth Congress, approved June 28, 1940, references therein to the United States Housing Act of 1937, as amended, shall include all amendments to said Act made by the Housing Act of 1949 or by any other law thereafter enacted.

SEC. 7. (a) The Authority may publish and disseminate information pertinent to the various aspects of housing.

(b) The annual report of the [Housing and Home Finance Administrator] *Secretary* to the President for submission to the Congress on the operations of the [Housing and Home Finance Agency] *Department of Housing and Urban Development* shall include a report on the operations and expenses of the Authority, including loans, contributions, and grants made or contracted for, low-rent housing and slum clearance projects undertaken, and the assets and liabilities of the Authority. Such report shall include operating statements of all projects under the jurisdiction of or receiving the assistance of the Authority, including summaries of the incomes of occupants, sizes of families, rentals, and other related information.

SEC. 8. The Authority may from time to time make, amend, and rescind such rules and regulations as may be necessary to carry out the provisions of this Act.

LOANS FOR LOW-RENT-HOUSING AND SLUM-CLEARANCE PROJECTS

SEC. 9. The Authority may make loans to public-housing agencies to assist the development, acquisition, or administration of low-rent-housing or slum-clearance projects by such agencies. Where capital grants are made pursuant to section 11 the total amount of such loans outstanding on any one project and in which the Authority participates shall not exceed the development or acquisition cost of such project less all such capital grants, but in no event shall said loans exceed 90 per centum of such cost. In the case of annual contributions in assistance of low rentals as provided in section 10 the total of such loans outstanding on any one project and in which the Authority participates shall not exceed 90 per centum of the development or acquisition cost of such project. Such loans shall bear interest at such rate not less than the applicable going Federal rate, plus one-half of one per centum, shall be secured in such manner, and shall be repaid within such period not exceeding sixty years, as may be deemed advisable by the Authority: *Provided*, That in the case of projects initiated after March 1, 1949, with respect to which annual contributions are contracted for pursuant to this Act, loans shall not be made for a period exceeding forty years from the date of the bonds evidencing the loan: *And provided further*, That, in the case of such projects or any other projects with respect to which the contracts (including contracts which amend or supersede contracts previously made) provide for loans for a period not exceeding forty years from the date of the bonds evidencing the loan and for annual contributions for a period not exceeding forty years from the date the first annual contribution for the project is paid, such loans shall bear interest at a rate not less than the applicable going Federal rate.

ANNUAL CONTRIBUTIONS IN ASSISTANCE OF LOW RENTALS

SEC. 10. (a) The Authority may make annual contributions to public housing agencies to assist in achieving and maintaining the low-rent character of their housing projects. The annual contributions for any such project shall be fixed in uniform amounts, and shall be paid in such amounts over a fixed period of years. The Authority shall embody the provisions for such annual contributions in a contract guaranteeing their payment over such fixed period: *Provided*, That the Authority may, in addition to the payments guaranteed under the contract, pay not to exceed \$120 per annum per dwelling unit occupied by an elderly family, or a displaced family if such family was displaced by an urban renewal or low-rent housing project on or after January 27, 1964, on the last day of the project fiscal year where such amount, in the determination of the Authority, was necessary to enable the public housing agency to lease the dwelling unit to an elderly or displaced family at a rental it could afford and to operate the project on a solvent basis, and, in the case of displaced families, if and to the extent that the average or estimated average rental for units so occupied by such families was less than the rental which the Authority determines, on the basis of the average or estimated average project rentals, would have been established in leasing the units to families which were neither elderly nor similarly displaced. The Authority shall not make any contract for loans (other than preliminary loans) or for annual contributions or for capital grants pursuant to this Act with respect to any low-rent housing project initiated after March 1, 1949, unless the governing body of the locality involved has entered into an agreement with the public housing agency providing that, subsequent to the initiation of the low-rent housing project and within five years after the completion thereof, there has been or will be elimination, as certified by the local governing body, by demolition, condemnation, effective closing, or compulsory repair or improvement, of unsafe or insanitary dwelling units situated in the locality or metropolitan area substantially equal in number to the number of newly constructed dwelling units provided by such project: *Provided, however*, That where more than one family is living in an unsafe or insanitary dwelling unit the elimination of such unit shall count as the elimination of units equal to the number of families accommodated therein: *Provided further*, That such elimination may, in the discretion of the Authority be deferred in any locality or metropolitan area where there is an acute shortage of decent, safe, or sanitary housing available to families of low income: *And provided further*, That this requirement shall not apply in the case of any low-rent housing project located in a rural nonfarm area, or to any low-rent housing project developed on the site of a slum cleared subsequent to the date of enactment of the Housing Act of 1949 and that the dwelling units which had been eliminated by the clearance of the site of such project shall not be counted as elimination for any other low-rent project.

(b) Annual contributions shall be strictly limited to the amounts and periods necessary, in the determination of the Authority, to assure the low-rent character of the housing projects involved. Toward this end the Authority may prescribe regulations fixing the maximum

contributions available under different circumstances, giving consideration to cost, location, size, rent-paying ability of prospective tenants, or other factors bearing upon the amounts and periods of assistance needed to achieve and maintain low rentals. Such regulations may provide for rates of contribution based upon development, acquisition or administration cost, number of dwelling units, number of persons housed, or other appropriate factors: *Provided*, That the fixed contribution payable annually under any contract shall in no case exceed a sum equal to the annual yield, at the applicable going Federal rate plus 1 per centum, upon the development or acquisition cost of the low-rent housing or slum-clearance project involved.

(c) Every contract for annual contributions shall provide that whenever in any year the receipts of a public housing agency in connection with a low-rent housing project exceed its expenditures (including debt service, administration, maintenance, establishment of reserves, and other costs and charges), an amount equal to such excess shall be applied, or set aside for application, to purposes which, in the determination of the Authority, will effect a reduction in the amount of subsequent annual contributions. In no case shall any contract for annual contributions be made for a period exceeding sixty years: *Provided*, That, in the case of projects initiated after March 1, 1949, contracts for annual contributions shall not be made for a period exceeding forty years from the date the first annual contribution for the project is paid: *Provided further*, That, in the case of such projects or any other projects with respect to which the contracts for annual contributions (including contracts which amend or supersede contracts previously made) provide for annual contributions for a period not exceeding forty years from the date the first annual contribution for the project is paid, the fixed contribution may exceed the amount provided in the first proviso of subsection (b) of this section by 1 per centum of development or acquisition cost: *And provided further*, That the amount of the fixed annual contribution which would be established under this Act for a newly constructed project by a public housing agency designed to accommodate a number of families of a given size and kind may be established, as a maximum annual contribution in lieu of any other guaranteed contribution authorized under this section, for a project by such public housing agency which would provide housing for the comparable number, sizes, and kinds of families through the acquisition, acquisition and rehabilitation, or use under lease of existing structures which are suitable for low-rent housing use and obtainable in the local market.

(d) All payments of annual contributions pursuant to this section shall be made out of any funds available to the Authority when such payments are due, except that its capital and its funds obtained through the issuance of obligations pursuant to section 20 (including repayments or other realizations of the principal of loans made out of such capital and funds) shall not be available for the payment of such annual contributions.

(e) The Authority is authorized to enter into contracts for annual contributions aggregating not more than \$366,250,000 per annum, which limit shall be increased by \$47,000,000 on the date of the enactment of the Housing and Urban Development Act of 1965, and by

further amounts of \$47,000,000 on July 1 in each of the years 1966, 1967, and 1968, respectively, but any such contracts for additional units for any one State shall not, after the date of enactment of the Housing Act of 1961, be entered into for more than 15 per centum of the aggregate amount not already guaranteed under contracts for annual contributions on such date: *Provided*, That subject to any contractual obligation outstanding on the date of the enactment of the Housing and Urban Development Act of 1965, any units not under construction within five years from the date they were reserved to a public housing agency may be reserved, allocated, or placed under contract for annual contributions in any State without limitation as to the aggregate amount of units which may be placed under contract for annual contributions in any one State: *Provided further*, That no such new contract for additional housing units shall be entered into after the date of enactment of the Housing Act of 1961 except with respect to low-rent housing for a locality respecting which the [Administrator] *Secretary* has made the determination and certification relating to a workable program as prescribed in section 101(c) of the Housing Act of 1949, and the Authority shall enter into only such new contracts for preliminary loans as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into. Without further authorization from Congress, no new contracts for annual contributions beyond those herein authorized shall be entered into by the Authority. The faith of the United States is solemnly pledged to the payment of all annual contributions contracted for pursuant to this section, and there is hereby authorized to be appropriated in each fiscal year, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments.

(f) Payments under annual contributions contracts shall be pledged, if the Authority so requires, as security for any loans obtained by a public housing agency to assist the development or acquisition of the housing project to which the annual contributions relate.

(g) Every contract for annual contributions for any low-rent housing project shall provide that—

(1) the maximum income limits fixed by the public housing agency shall be subject to the prior approval of the Authority and the Authority may require the agency to review and revise such limits if the Authority determines that changed conditions in the locality make such revisions necessary in achieving the purposes of the Act;

(2) the public housing agency shall adopt and promulgate regulations establishing admission policies which shall give full consideration to its responsibility for the rehousing of displaced families, to the applicant's status as a serviceman or veteran or relationship to a serviceman or veteran or to a disabled serviceman or veteran, and to the applicant's age or disability, housing conditions, urgency of housing need, and source of income: *Provided*, That in establishing such admission policies the public housing agency shall accord to families of low income such priority over single persons as it determines to be necessary to avoid undue hardship; and

(3) the public housing agency shall determine, and so certify to the Authority, that each family in the project was admitted in accordance with duly adopted regulations and approved income limits; and the public housing agency shall make periodic reexaminations of the incomes of families living in the project and shall require any family whose income has increased beyond the approved maximum income limits for continued occupancy to move from the project unless the public housing agency determines that, due to special circumstances, the family is unable to find decent, safe and sanitary housing within its financial reach although making every reasonable effort to do so, in which event such family may be permitted to remain for the duration of such a situation if it pays an increased rent consistent with such family's increased income.

(h) Every contract made pursuant to this Act for annual contributions for any low-rent housing project initiated after March 1, 1949, shall provide that no annual contributions by the Authority shall be made available for such project unless such project (exclusive of any part thereof covered by a contract or conveyed pursuant to paragraph (9) of section 15, and exclusive of any portion thereof which is not assisted by annual contributions under this Act) is exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions, but such contract shall require the public housing agency to make payments in lieu of taxes equal to 10 per centum of the annual shelter rents charged in such project or such lesser amount as (i) is prescribed by State law, or (ii) is agreed to by the local governing body in its agreement for local cooperation with the public housing agency required under subsection 15 (7) (b) (i) of this Act, or (iii) is due to failure of a local public body or bodies other than the public housing agency to perform any obligation under such agreement: *Provided*, That, with respect to any such project which is not exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions, such contract shall provide, in lieu of the requirement for tax exemption and payments in lieu of taxes, that no annual contributions by the Authority shall be made available for such project unless and until the State, city, county, or other political subdivisions in which such project is situated shall contribute, in the form of cash or tax remission, the amount by which the taxes paid with respect to the project exceed 10 per centum of the annual shelter rents charged in such project: *Provided further*, That, prior to execution of the contract for annual contributions the public housing agency shall, in the case of a tax-exempt project, notify the governing body of the locality of its estimate of the annual amount of such payments in lieu of taxes and of the amount of taxes which would be levied if the property were privately owned, or, in the case where the project is taxed, its estimate of the annual amount of the local cash contribution, and shall thereafter include the actual amounts of such payments or contributions in its annual report. Contracts for annual contributions entered into prior to the effective date of the Housing Act of 1964 may be amended in accordance with the first sentence of this subsection.

(i) Notwithstanding any other provision of law or any contract or other arrangement made pursuant thereto, any public housing agency which utilizes public services and facilities of a municipality or other local governmental agency making charges therefor separate from real and personal property taxes shall be authorized by the Authority (without any amendment to the contract for annual contributions or deductions from payments in lieu of taxes otherwise payable) to pay to such municipality or other local governmental agency the amount that would be charged private persons or dwellings similarly situated for such facilities and services.

(j) Repealed.

(k) All expenditures of appropriations for the payment of annual contributions shall be subject to audit and final settlement by the Comptroller General of the United States under the provisions of the Budget and Accounting Act of 1921, as amended.

(l) In any community where it has been determined by resolution or ordinance, or by referendum, that a project shall be liquidated by sale thereof to private ownership, such community may negotiate with the Federal Government with respect to the sale of the project, and the Authority shall agree that sale of the project may be made, subject to any outstanding contracts made pursuant to paragraph (9) of section 15, after public advertisement to the highest bidder upon (1) payment and retirement of all outstanding obligations (together with any interest payable thereon and any premiums prescribed for the redemption of any bonds, notes, or other obligations prior to maturity) in connection with the project, and (2) payment of any proceeds received from the sale of the project in excess of the amounts required to comply with the requirements of the preceding clause numbered (1) to the Authority and to local public bodies in proportion to the aggregate contribution which the Authority and such local public bodies have made to the project.

(m) Repealed.

CAPITAL GRANTS IN ASSISTANCE OF LOW RENTALS

SEC. 11. (a) As an alternative method of assistance to that provided in section 10, when any public housing agency so requests and demonstrates to the satisfaction of the Authority that such alternative method is better suited to the purpose of achieving and maintaining low rentals and to the other purposes of this Act, capital grants may be made to such agency for such purposes. The capital grants thus made for any low-rent-housing or slum-clearance project shall be paid in connection with its development or acquisition, and shall be strictly limited to the amounts necessary, in the determination of the Authority, to assure its low-rent character.

(b) Pursuant to subsection (a) of this section, the Authority may make a capital grant for any low-rent housing or slum-clearance project, which shall in no case exceed 25 per centum of its development or acquisition cost.

(c) All payments of capital grants by the Authority pursuant to subsection (b) of this section shall be made out of any funds available to the Authority, except that its capital and its funds obtained through the issuance of obligations pursuant to section 20 (including repay-

ments or other realizations of the principal of loans made out of such capital and funds) shall not be available for the payment of such capital grants.

(d) The Authority is authorized, on or after the date of the enactment of this Act to make capital grants (pursuant to subsection (b) of this section) aggregating not more than \$10,000,000, on or after July 1, 1938, to make additional capital grants aggregating not more than \$10,000,000, and on or after July 1, 1939, to make additional capital grants aggregating not more than \$10,000,000. Without further authorization from Congress, no capital grants beyond those herein authorized shall be made by the Authority.

(e) To supplement any capital grant made by the Authority in connection with the development of any low-rent-housing or slum-clearance project, the President may allocate to the Authority, from any funds available for the relief of unemployment, an additional capital grant to be expended for payment of labor used in such development: *Provided*, That such additional capital grant shall not exceed 15 per centum of the development cost of the low-rent-housing or slum-clearance project involved.

(f) No capital grant pursuant to this section shall be made for any low-rent-housing or slum-clearance project unless the public housing agency receiving such capital grant shall also receive, from the State political subdivision thereof, or otherwise, a contribution for such project (in the form of cash, land, or the value, capitalized at the going Federal rate of interest, of community facilities or services for which a charge is usually made, or tax remissions or tax exemptions) in an amount not less than 20 per centum of its development or acquisition cost.

DISPOSAL OF FEDERAL PROJECTS

SEC. 12. (a) It is hereby declared to be the purpose of Congress to provide for the orderly disposal of any low-rent-housing projects hereafter transferred to or acquired by the Authority through the sale or leasing of such projects as hereinafter provided; and, in order to continue the relief of Nation-wide unemployment and in order to avoid waste pending such sale or lease, to provide for the completion and temporary administration of such projects by the Authority.

(b) As soon as practicable the Authority shall sell its Federal projects or divest itself of their management through leases.

(c) The Authority may sell a Federal project only to a public housing agency or to a nonprofit body for use as low-rent housing. Any such sale shall be for a consideration, in whatever form may be satisfactory to the Authority, equal at least to the amount which the Authority determines to be the fair value of the project for housing purposes of a low-rent character (making such adjustment as the Authority deems advisable for any annual contributions which may hereafter be given hereunder in aid of the project), less such allowance for depreciation as the Authority shall fix. Such project shall then become eligible for loans pursuant to section 9, and either annual contributions pursuant to section 10 or a capital grant pursuant to section 11. Any obligation of the purchaser accepted by the Authority as part of the consideration for the sale of such project shall be deemed a loan pursuant to section 9.

(d) The Authority may lease any Federal low-rent-housing project, in whole or in part, to a public housing agency. The lessee of any project, pursuant to this paragraph, shall assume and pay all management, operation, and maintenance costs, together with payments, if any, in lieu of taxes, and shall pay to the Authority such annual sums as the Authority shall determine are consistent with maintaining the low-rent character of such project. The provisions of section 321 of the Act of June 30, 1932 (U.S.C. 1934 edition, title 40, sec. 303b), shall not apply to any lease pursuant to this Act.

(e) In the administration of any Federal low-rent-housing project pending sale or lease, the Authority shall fix the rentals at the amounts necessary to pay all management, operation, and maintenance costs, together with payments, if any, in lieu of taxes, plus such additional amounts as the Authority shall determine are consistent with maintaining the low-rent character of such project.

(f) There is hereby transferred to the Authority, effective not later than sixty days after the effective date of the Housing Act of 1950, all right, title, and interest, including contractual rights and reversionary interests, held by the Federal Government in and with respect to all labor supply centers, labor homes, labor camps, and facilities held in connection therewith and heretofore administered by the Secretary of Agriculture, for use as low-rent housing projects for families and persons of low income. Such projects when so transferred shall (notwithstanding any other provision of law) be low-rent housing projects subject to the provisions of this Act, except as otherwise provided in this subsection. Such projects shall be operated for the principal purpose of housing persons engaged in agricultural work, and preference for occupancy in such projects shall be given to agricultural workers and their families; the rents in such projects shall not be higher than the rents which such tenants can afford; and the provisions of the second, third, and fourth sentences of subsection 2(1) of this Act shall not be applicable to such projects. The Authority is authorized to enter into contracts for disposal of said projects by any of the methods provided in this Act, including disposal of any such project to a public housing agency for a consideration consisting of the payment by the public housing agency to the Authority during a term of not less than twenty years of all income therefrom after deduction of the amounts necessary for (i) reasonable and proper costs of management, operation, maintenance, and improvement of such project; (ii) payments in lieu of taxes not in excess of 10 per centum of shelter rents; (iii) establishment and maintenance of reasonable and proper reserves; and (iv) the payment of currently maturing installments of principal and interest on any indebtedness incurred in connection with such project by the public housing agency with the approval of the Authority. Pending sale or lease of said projects to public housing agencies, the Authority may continue present leases and permits, or may enter into new leases with public bodies or nonprofit organizations for the operation of such projects. Pending sale of such projects the Authority may make any necessary improvements thereto and may pay any deficits incurred in their improvement and administration out of any of the funds available to it under this Act. Appropriations to reimburse the Authority for any amounts expended pursuant to

this subsection, in excess of the funds transferred with such projects, are hereby authorized.

Notwithstanding any other provision of law, upon the filing of a request therefor within eighteen months after the date of the enactment of this sentence, the Authority shall relinquish, transfer, and convey, without monetary consideration, all of its rights, title, and interest in and with respect to any such project or any part thereof (including such land as is determined by the Authority to be reasonably necessary to the operation of such project, and including contractual rights to revenues, reserves, and other proceeds therefrom), (1) in the case of any State other than Florida, to any public housing agency whose area of operation includes the project, upon a finding and certification by the public housing agency (which shall be conclusive upon the Authority) that the project is needed to house persons and families of low income and that preference for occupancy in the project will be given first to low-income agricultural workers and their families and second to other low-income persons and their families; and (2) in the case of Florida, to any public housing agency in the State whenever, under the laws of the State, such agency (A) is authorized to acquire and operate such project, (B) is required to give preference for occupancy in such project, first, to low-income agricultural workers and their families, and second, to other low-income persons and their families, (C) is required, in the event of the disposition of such project by sale or otherwise, to use the proceeds thereof and any available accumulated earnings to construct facilities (which shall be subject to the same preferences as those specified in clause (B)) for occupancy by low-income agricultural workers and their families in the same area, and (D) is required, so long as it continues to own or operate such project, to have on its managing board one or more members whose principal occupation is farming. Upon the relinquishment and transfer of any such project it shall cease to be a low-rent project within the meaning of this Act, and the Authority shall have no further jurisdiction over it, except that in any conveyance under the preceding sentence the Authority may reserve to the United States any mineral rights of whatsoever nature upon, in, or under the property, including such rights of access to and the use of such parts of the surface of the property as may be necessary for mining and saving the minerals. Any project, or part thereof not relinquished and conveyed pursuant to this subsection or under a contract for disposal pursuant to this subsection within eighteen months after the date of the enactment of this sentence shall be disposed of by the Authority pursuant to subsection (e) of section 13 of this Act, notwithstanding the parenthetical clause in such subsection.

GENERAL POWERS OF THE AUTHORITY

SEC. 13. (a) The Authority may foreclose on any property or commence any action to protect or enforce any right conferred upon it by any law, contract, or other agreement. The Authority may bid for and purchase at any foreclosure by any party or at any other sale, or (pursuant to section 22 or otherwise) acquire or take possession of any project which it previously owned or in connection with which it

has made a loan, annual contribution, or capital grant; and in such event the Authority may complete, administer, pay the principal of and interest on any obligations issued in connection with such project, dispose of, and otherwise deal with, such projects or parts thereof, subject, however, to the limitations elsewhere in this Act governing their administration and disposition.

(b) The acquisition by the Authority of any real property pursuant to this Act shall not deprive any State or political subdivision thereof of its civil and criminal jurisdiction in and over such property, or impair the civil rights under the State or local law of the inhabitants on such property; and, insofar as any such jurisdiction may have been taken away or any such rights impaired by reason of the acquisition of any property transferred to the Authority pursuant to section **[4(d)]** 4(b), such jurisdiction and such rights are hereby fully restored.

(c) The Authority may enter into agreements to pay annual sums in lieu of taxes to any State or political subdivision thereof with respect to any real property owned by the Authority. The amount so paid for any year upon any such property shall not exceed the taxes that would be paid to the State or subdivision, as the case may be, upon such property if it were not exempt from taxation thereby.

(d) The Authority may procure insurance against any loss in connection with its property and other assets (including mortgages), in such amounts, and from such insurers, as it deems desirable.

(e) The Authority may sell or exchange at public or private sale, or lease, any real property (except low-rent-housing projects, the disposition of which is governed elsewhere in this Act) or personal property, and sell or exchange any securities or obligations, upon such terms as it may fix. The Authority may borrow on the security of any real or personal property owned by it, or on the security of the revenues to be derived therefrom, and may use the proceeds of such loans for the purposes of this Act.

SEC. 14. Subject to the specific limitations or standards in this Act governing the terms of sales, rentals, leases, loans, contracts for annual contributions, contracts for capital grants, or other agreements, the Authority may, whenever it deems necessary or desirable in the fulfillment of the purposes of this Act, consent to the modification, with respect to rate of interest, time of payment of any installment of principal or interest, security, amount of annual contribution, or any other term, of any contract or agreement of any kind to which the Authority is a party or which has been transferred to it pursuant to this Act. When the Authority finds that it would promote economy or be in the financial interest of the Federal Government, any contract heretofore or hereafter made for annual contributions, loans, or both, may, with Presidential approval, be amended or superseded by a contract of the Authority so that the going Federal rate on the basis of which such annual contributions or interest rate on the loans, or both, respectively, are fixed shall mean the going Federal rate, as herein defined, on the date of Presidential approval of such amending or superseding contract: *Provided*, That contracts may not be amended or superseded in a manner which would impair the rights of the holders of any outstanding obligations of the public housing agency involved for which

annual contributions have been pledged. Any rule of law contrary to this provision shall be deemed inapplicable.

SEC. 15. In order to insure that the low-rent character of housing projects will be preserved, and that the other purposes of this Act will be achieved, it is hereby provided that—

(1) When a loan is made pursuant to section 9 for a low-rent-housing project the Authority may retain the right, in the event of a substantial breach of the condition (which shall be embodied in the loan agreement) providing for the maintenance of the low-rent character of the housing project involved or in the event of the acquisition (except pursuant to paragraph (9) of section 15) of such project by a third party in any manner including a bona-fide foreclosure under a mortgage or other lien held by a third party, to increase the interest payable thereafter on the balance of said loan then held by the Authority to a rate not in excess of the going Federal rate (at the time of such breach or acquisition) plus 2 per centum per annum or to declare the unpaid principal on said loan due forthwith.

(2) When a loan is made pursuant to section 9 for a slum-clearance project the Authority shall retain the right, in the event of the leasing or acquisition (except ⁴⁵ pursuant to paragraph (9) of section 15) of such project by a third party in any manner including a bona-fide foreclosure under a mortgage or other lien held by a third party, to increase the interest payable thereafter on the balance of said loan then held by the Authority to a rate not in excess of the going Federal rate (at the time of such leasing or acquisition) plus 2 per centum per annum or to declare the unpaid principal on said loan due forthwith.

(3) When a contract for annual contributions is made pursuant to section 10, the Authority shall retain the right, in the event of a substantial breach of the condition (which shall be embodied in such contract) providing for the maintenance of the low-rent character of the housing project involved, to reduce or terminate the annual contributions payable under such contract. In the event of the acquisition (except ⁴⁶ pursuant to paragraph (9) of section 15) of such project by a third party in any manner including a bona-fide foreclosure under a mortgage or other lien held by a third party, such annual contributions shall terminate.

(4) The Authority may also insert in any contract for loans, annual contributions, capital grants, sale, lease, mortgage, or any other agreement or instrument made pursuant to this Act, such other covenants, conditions, or provisions as it may deem necessary in order to insure the low-rent character of the housing project involved: *Provided*, That any such contract for a substantial loan may contain a condition requiring the maintenance of an open space or playground in connection with the housing project involved if deemed necessary by the Authority for the safety or health of children.

(5) Every contract made pursuant to this Act for loans (other than preliminary loans), annual contributions, or capital grants for any low-rent housing project completed after January 1, 1948, shall provide that the cost for construction and equipment of such project (excluding land, demolition, and nondwelling facilities) on which the computation of any annual contributions under this Act may be based

shall not exceed \$2,400 per room (\$3,500 per room in the case of Alaska, or in the case of accommodations designed specifically for elderly families \$3,500 per room and \$4,000 per room in the case of Alaska) : *Provided*, That if the [Administrator] *Secretary* finds that in the geographical area of any project (i) it is not feasible under the aforesaid cost limitations to construct the project without sacrifice of sound standards of construction, design, and livability, and (ii) there is an acute need for such housing, he may prescribe in such contract cost limitations which may exceed by not more than \$750 per room the limitations that would otherwise be applicable to such project hereunder. Every contract made pursuant to this Act for loans (other than preliminary loans), annual contributions, or capital grants with respect to any low-rent housing project initiated after March 1, 1949, shall provide that such project shall be undertaken in such a manner that it will not be of elaborate or extravagant design or materials, and economy will be promoted both in construction and administration. In order to attain the foregoing objective, every such contract shall provide that no award of the main construction contract for such project shall be made unless the Authority, taking into account the level of construction costs prevailing in the locality where such project is to be located, shall have specifically approved the amount of such main construction contract. Every contract made pursuant to this Act for loans, annual contributions, or capital grants, with respect to a project for which the preparation of plans, drawings, and specifications has not been started or contracted for prior to the date of enactment of the Housing Act of 1957, shall require that such plans, drawings, and specifications follow the principle of modular measure in every case deemed feasible by the public housing agency, in order that the housing may be built by conventional construction, on-site fabrication, factory pre-cutting, factory fabrication, or any combination of these construction methods.

(6) Any contract for loans or annual contributions, or both, entered into by the Authority with a public housing agency, may cover one or more than one low-rent housing project owned by said public housing agency; in the event such contract covers two or more projects, such projects may, for any of the purposes of this Act and of such contract (including, but not limited to, the determination of the amount of the loan, annual contributions, or payments in lieu of taxes, specified in such contract), be treated collectively as one project.

(7) In recognition that there should be local determination of the need for low-rent housing to meet needs not being adequately met by private enterprise—

(a) The Authority shall not make any contract with a public housing agency for preliminary loans (all of which shall be repaid out of any moneys which become available to such agency for the development of the projects involved) for surveys and planning in respect to any low-rent housing projects initiated after March 1, 1949, (i) unless the governing body of the locality involved has by resolution approved the application of the public housing agency for such preliminary loan; and (ii) unless the public housing agency has demonstrated to the satisfaction of the Authority that there is a need for such low-rent housing which is not being met by private enterprise; and

(b) the Authority shall not make any contract for loans (other than preliminary loans) or for annual contributions pursuant to this Act with respect to any low-rent housing project initiated after March 1, 1949, (i) unless the governing body of the locality involved has entered into an agreement with the public housing agency providing for the local cooperation required by the Authority pursuant to this Act; (ii) unless the public housing agency has demonstrated to the satisfaction of the Authority that a gap of at least 20 per centum (except in the case of a displaced family or an elderly family) has been left between the upper rental limits for admission to the proposed low-rent housing and the lowest rents at which private enterprise unaided by public subsidy is providing (through new construction and available existing structures) a substantial supply of decent, safe, and sanitary housing toward meeting the need of an adequate volume thereof; and (iii) unless the public housing agency has demonstrated to the satisfaction of the Authority that there is a feasible method for the temporary relocation of the individuals and families displaced from the project site, and that there are or are being provided, in the project area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of such individuals and families, decent, safe, and sanitary dwellings equal in number to the number of and available to such individuals and families and reasonably accessible to their places of employment.

(8) The Authority may authorize the cost of relocation payments made by public housing agencies to be included with the development or acquisition cost of any project for purposes of determining the amount of loans and annual contributions authorized to be made with respect to such project under sections 9 and 10, but such costs shall be separately stated as relocation costs. For purposes of this paragraph, a "relocation payment" is a payment (i) which is made to an individual, family, business concern, or nonprofit organization displaced on or after January 27, 1964, from a low-rent housing project site as a result of the acquisition of real property by a public housing agency, (ii) which is not otherwise authorized under any Federal law, and (iii) which is made only on such terms and conditions, and subject to such limitations, as are authorized (as of the time such payment is approved) under section 114 (b), (c), and (d) of the Housing Act of 1949 for relocation payments made to individuals, families, business concerns, or nonprofit organizations, as the case may be.

(9) Notwithstanding any other provisions of this Act, but subject to the provisions of any contract with the Authority, any public housing agency may permit any member of a tenant family to enter into a contract (either individually or as a member of a group) for the acquisition of a dwelling unit in any project of the public housing agency which is suitable by reason of its detached or semidetached construction for sale and for occupancy by such purchaser or a member or members of his family, upon the following terms:

(A) The purchaser shall pay at least (i) a pro rata share cost of any services furnished him by the public agency, including but

not limited to, administration, maintenance, repairs, utilities, insurance, provision of reserves, and other expenses, (ii) local taxes on his dwelling unit, and (iii) monthly payments of interest and principal sufficient to amortize a sales price, equal to the greater of the unamortized debt or the appraised value (at the time such purchase contract is entered into) of the dwelling unit, in not more than forty years: *Provided*, That the public housing agency may, under terms and conditions to be prescribed by it, permit a purchaser to apply an amount equal to the net rent paid for his dwelling unit, over a period not exceeding three years prior to the entering into of any such contract, toward the purchase price of such unit;

(B) The interest rate shall be fixed at not less than the average interest cost of loans outstanding on the project, except that in the case of a project on which bonds are not outstanding the interest rate shall be fixed at not less than the going Federal rate applicable to such project;

(C) The principal payments shall be not less than one-half of 1 per centum per annum of the sales price during the first five years after purchase, 1 per centum per annum during the next five years, $1\frac{1}{2}$ per centum per annum during the third five years, and thereafter not less than the principal payments resulting from a level debt service of interest and principal over the balance of the payment period; and

(D) If at any time (i) a purchaser fails to carry out his contract with the public housing agency and if no member of his family who resides in the dwelling assumes such contract, or (ii) the purchaser or a member of his family who assumes the contract does not reside in the dwelling, the public housing agency shall have an option to acquire his interest under such contract upon payment to him or his estate of an amount equal to his aggregate principal payments plus the value to the public housing agency of any improvements made by him, less an amount equal to $2\frac{1}{2}$ per centum of the sales price.

(10)

SEC. 16. In order to protect labor standards—

(1) The provisions of the Act of August 30, 1935, entitled "An Act to amend the Act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings" (49 Stat. 1011), and of the Act of August 24, 1935, entitled "An Act requiring contracts for the construction, alteration, and repair of any public building or public work of the United States to be accompanied by a performance bond protecting the United States and by an additional bond for the protection of persons furnishing material and labor for the construction, alteration, or repair of said public buildings or public work" (U.S.C., 1934 edition, Supp. II, title 40, secs. 270a to 270d, inclusive) shall apply to contracts in connection with the development or administration of Federal projects and the furnishing of materials and labor for such projects: *Provided*, That [suits shall] *suits may* be brought in the name of the Authority and that the Authority shall itself perform the duties prescribed by section 3(a) of the Act of August 30, 1935, and section 3 of the Act of August 24, 1935.

(2) Any contract for loans, annual contributions, capital grants, sale, or lease pursuant to this Act shall contain a provision requiring that not less than the salaries or wages prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Authority, shall be paid to all architects, technical engineers, draftsmen, and technicians, employed in the development and to all maintenance laborers and mechanics employed in the administration of the low-rent housing or slum-clearance project involved; and shall also contain a provision that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (49 Stat. 1011), shall be paid to all laborers and mechanics employed in the development of the project involved; and the Authority shall require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract.

[(3) The Act entitled "An Act limiting the hours of daily services of laborers and mechanics employed upon work done for the United States, or for any Territory, or for the District of Columbia, and for other purposes", as amended (37 Stat. 137), shall apply to contracts of the Authority for work in connection with the development and administration of Federal projects.]

[(4) The benefits of the Act entitled "An Act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes" (39 Stat. 742), shall extend to officers and employees of the Authority.]

[5] (3) The provisions of sections 1 and 2 of the Act of June 13, 1934 (U.S.C., 1934 edition, title 40, secs. 276b and 276c), shall apply to any low-rent-housing or slum-clearance project financed in whole or in part with funds made available pursuant to this Act.

(6) Repealed.

FINANCIAL PROVISIONS

SEC. 17. The Authority shall have a capital stock of \$1,000,000, which shall be subscribed by the United States and paid by the Secretary of the Treasury out of any available funds. Receipts for such payment shall be issued to the Secretary of the Treasury by the Authority and shall evidence the stock ownership of the United States of America.

SEC. 18. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$26,000,000 for the fiscal year ending June 30, 1938, of which \$1,000,000 shall be available to pay the subscription to the capital stock of the Authority. Such sum, and all receipts and assets of the Authority, shall be available for the purposes of this Act until expended.

SEC. 19. Any funds available under any Act of Congress for allocation for housing or slum clearance may, in the discretion of the President, be allocated to the Authority for the purposes of this Act.

SEC. 20. The Authority may issue and have outstanding at any one time notes and other obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$1,500,000,000. Such notes or other obligations shall be in such forms and denominations, shall have such maturities, and shall be subject to such terms and conditions as may be prescribed by the Authority with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest

at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the notes or other obligations by the Authority. The Secretary of the Treasury is authorized and directed to purchase any notes or other obligations of the Authority issued hereunder and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

SEC. 21. (a) Any money of the Authority not otherwise employed may be deposited, subject to check, with the Treasurer of the United States or in any Federal Reserve bank, or may be invested in obligations of the United States or used in the purchase or retirement or redemption of any obligations issued by the Authority.

(b) The Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the Authority in the general exercise of its powers, and the Authority may reimburse any such bank for its services in such manner as may be agreed upon.

(c) The Authority may be employed as a financial agent of the Government. When designated by the Secretary of the Treasury, and subject to such regulations as he may prescribe, the Authority shall be a depository of public money, except receipts from customs.

(d) Repealed.

PRIVATE FINANCING

SEC. 22. To facilitate the enlistment of private capital through the sale by public housing agencies of their bonds and other obligations to others than the Authority, in financing low-rent housing projects, and to maintain the low-rent character of housing projects—

(a) Every contract for annual contributions (including contracts which amend or supersede contracts previously made) may provide that—

(1) upon the occurrence of a substantial default in respect to the covenants or conditions to which the public housing agency is subject (as such substantial default shall be defined in such contract), the public housing agency shall be obligated at the option of the Authority, either to convey title in any case where, in the determination of the Authority (which determination shall be final and conclusive), such conveyance of title is necessary to achieve the purposes of this Act, or to deliver possession to the Authority of the project, as then constituted, to which such contract relates: *Provided*, That such conveyance or delivery of title shall be subject to the rights of third parties vested pursuant to paragraph (9) of section 15;

(2) the Authority shall be obligated to reconvey or to redeliver possession of the project, as constituted at the time of reconveyance or redelivery, to such public housing agency or to its successor (if such public housing agency or a successor exists) upon

such terms as shall be prescribed in such contract and as soon as practicable: (i) after the Authority shall be satisfied that all defaults with respect to the project have been cured, and that the project will, in order to fulfill the purposes of this Act, thereafter be operated in accordance with the terms of such contract; or (ii) after the termination of the obligation to make annual contributions available unless there are any obligations or covenants of the public housing agency to the Authority which are then in default. Any prior conveyances and reconveyances, deliveries and redeliveries of possession shall not exhaust the right to require a conveyance or delivery of possession of the project to the Authority pursuant to subparagraph (1), upon the subsequent occurrence of a substantial default.

(b) Whenever such contract for annual contributions shall include provisions which the Authority, in said contract, determines are in accordance with subsection (a) hereof, and the annual contributions, pursuant to such contract, have been pledged by the public housing agency as security for the payment of the principal and interest on any of its obligations, the Authority (notwithstanding any other provisions of this Act) shall continue to make annual contributions available for the project so long as any of such obligations remain outstanding, and may covenant in such contract (in lieu of the provision required by the first sentence of subsection 15(3) of this Act and notwithstanding any other provisions of law) that in any event such annual contributions shall in each year be at least equal to an amount which, together with such income or other funds as are actually available from the project for the purpose at the time such annual contribution is made, will suffice for the payment of all installments, falling due within the next succeeding twelve months, of principal and interest on the obligations for which the annual contributions provided for in the contract shall have been pledged as security: *Provided*, That such annual contributions shall not be in excess of the maximum sum determined pursuant to the [first] proviso of subsection 10 (b), or, where applicable, the second proviso of subsection 10 (c); and in no case shall such annual contributions be in excess of the maximum sum specified in the contract involved, nor for longer than the remainder of the maximum period fixed by the contract.

(c) Obligations of a public housing agency which (1) are secured either (A) by a pledge of a loan under an agreement between such public housing agency and the Authority, or (B) by a pledge of annual contributions under an annual contributions contract between such public housing agency and the Authority, and (2) bear, or are accompanied by, a certificate of the Authority that such obligations are so secured, shall be incontestable in the hands of a bearer, and the full faith and credit of the United States is pledged to the payment of all amounts agreed to be paid by the Authority as security for such obligations.

LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

SEC. 23. (a)(1) For the purpose of providing a supplementary form of low-rent housing which will aid in assuring a decent place to live for every citizen and promote efficiency and economy in the program under this Act by taking full advantage of vacancies or potential

vacancies in the private housing market, each public housing agency shall, to the maximum extent consistent with the achievement of the objectives of this Act, provide low-rent housing under this Act in the form of low-rent housing in private accommodations in accordance with this section where such housing in private accommodations can be provided at a cost equal to or less than housing in projects assisted under other provisions of this Act.

(2) The provisions of this section shall not apply to any locality unless the governing body of the locality has by resolution approved the application of such provisions to such locality.

(3) As used in this section, the term "low-rent housing in private accommodations" means dwelling units in an existing structure, leased from a private owner, which provide decent, safe, and sanitary dwelling accommodations and related facilities effectively supplementing the accommodations and facilities in low-rent housing assisted under the other provisions of this Act in a manner calculated to meet the total housing needs of the community in which they are located; and the term "owner" means any person or entity having the legal right to lease or sublease property containing one or more dwelling units as described in this section.

(b) Beginning as soon as practicable after the date of the enactment of this section, each public housing agency shall conduct a continuing survey and listing of the available dwelling units within the community or communities under its jurisdiction which provide decent, safe, and sanitary dwelling accommodations and related facilities and are, or may be made, suitable for use as low-rent housing in private accommodations under this section.

(c) Each public housing agency, by notification to the owners of housing listed under subsection (b), or by publication or advertisement, or otherwise, shall from time to time make known to the public in the community or communities under its jurisdiction the anticipated need for dwelling units in such community or communities to be used as low-rent housing in private accommodations under this section, inviting the owners of such dwelling units to make available for purposes of this section one or more of such units (not exceeding 10 per centum of the units in any single structure except to the extent that the agency, because of the limited number of units in the structure or for any other reason, determines that such limit should not be applied). The public housing agency shall conduct appropriate inspections of the units offered to be made available in any residential structure by the owner thereof in response to such invitation, and if—

(1) it finds that such units are, are may be made, suitable for use as low-rent housing in private accommodations within the meaning of subsection (a) (3), and

(2) the rentals to be charged for such units, as negotiated and agreed to by the agency and the owner of the structure in a manner consistent with subsection (d) (2), are within the financial range of families of low income,

such agency may approve such units for use as low-rent housing in private accommodations in accordance with (and subject to the applicable limitations contained in) this section. Each public housing agency shall maintain and keep current a list of units approved by it

under this subsection, including such information with respect to each such unit as it may consider necessary or appropriate.

(d) To the extent of contracts for annual contributions entered into by the Authority with a public housing agency under section 10(e), such agency may enter into contracts with the owners of structures containing dwelling units approved under subsection (c) for the use of such units in accordance with this section. Each such contract with an owner shall provide (with respect to any unit) that—

(1) the selection of tenants for such unit shall be the function of the owner, subject to the provisions of the contract between the Authority and the agency;

(2) the rental and other charges to be received by the owner shall be negotiated and agreed to by the agency and the owner, and the rental and other charges to be paid by the tenant shall be determined in accordance with the standards applicable to units in low-rent housing projects assisted under the other provisions of this Act;

(3) the agency shall have the sole right to give notice to vacate, with the owner having the right to make representations to the agency for termination of a tenancy;

(4) maintenance and replacements (including redecoration) shall be in accordance with the standard practice for the building concerned, as established by the owner and agreed to by the agency; and

(5) the agency and the owner shall carry out such other appropriate terms and conditions as may be mutually agreed to by them. Each contract between a public housing agency and an owner entered into under this subsection shall be for a term of not less than twelve months nor more than thirty-six months, and shall be renewable by such agency and owner at the expiration of such term.

(e) The annual contribution under this Act for a project of a public housing agency for low-rent housing in private accommodations under this section in lieu of any other guaranteed contribution authorized by section 10 shall not exceed the amount of the fixed annual contribution which would be established under this Act for a newly constructed project by such public housing agency designed to accommodate the comparable number, sizes, and kinds of families. The period over which payments will be made to a public housing agency for a project of low-rent housing in private accommodations under this section, and the aggregate amount of such payments, under a contract for annual contributions, shall be determined on the basis of the number of units in the community or communities under the jurisdiction of such agency which are in use (or can reasonably be expected to be placed in use) as low-rent housing in private accommodations under this section, taking into account the terms of the leases under which such units are (or will be) so used. In addition, contracts for financial assistance entered into by the Authority with a public housing agency pursuant to this section shall provide for reimbursement of reasonable and necessary expenses incurred by such agency in conducting surveys, listings, and inspections described in subsections (b) and (c).

(f) The provisions of sections 10(h) and 15(7) of this Act, and the workable program requirement in section 10(e) of this Act and section

101(c) of the Housing Act of 1949, shall not apply to low-rent housing in private accommodations provided under this section.

PENALTIES

SEC. 24. All general penal statutes relating to the larceny, embezzlement, or conversion or to the improper handling, retention, use, or disposal of public moneys or property of the United States shall apply to the moneys and property of the Authority and to moneys and properties of the United States entrusted to the Authority.

SEC. 25. Repealed.

SEC. 26. Repealed.

SEC. 27. Repealed.

SEC. 28. Wherever the application of the provisions of this Act conflicts with the application of the provisions of Public Numbered 837, approved June 29, 1936 (49 Stat. 2025), Public Numbered 845, approved June 29, 1936 (49 Stat. 2035), or any other Act of the United States dealing with housing or slum clearance, or any Executive order, regulation, or other order thereunder, the provisions of this Act shall prevail.

SEC. 29. The President is hereby authorized to make available to the Alley Dwelling Authority, from any funds appropriated or otherwise provided to carry out the purposes of this Act, such sums as he deems necessary to carry out the purposes of the District of Columbia Alley Dwelling Act, approved June 12, 1934 (Public Numbered 307, Seventy-third Congress). Such sums shall be deposited in the Conversion of Inhabited Alleys Fund and thereafter shall remain immediately available for the purposes of the District of Columbia Alley Dwelling Act.

SEC. 30. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remainder of this Act, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SEC. 31. This Act may be cited as the "United States Housing Act of 1937."

Approved, September 1, 1937.

HOUSING ACT OF 1948

[Public Law 901, 80th Congress; 62 Stat. 1268, 1276, 12 U.S.C. 1701e (1946 ed., Supp. III)]

* * *

TITLE III

SEC. 301. The [Housing and Home Finance Administrator] *Secretary of Housing and Urban Development* shall—

(a) Undertake and conduct a program with respect to technical research and studies concerned with the development, demonstration, and promotion of the acceptance and application of new and improved techniques, materials, and methods which will permit progressive reductions in housing construction and maintenance costs, and stimulate the increased and sustained production of housing, and concerned with

housing economics and other housing market data. Such program may be concerned with improved and standardized building codes and regulations and methods for the more uniform administration thereof, standardized dimensions and methods for the assembly of home-building materials and equipment, improved residential design and construction, new and improved types of housing components, building materials and equipment, and methods of production, distribution, assembly, and construction, and sound techniques for the testing thereof and for the determination of adequate performance standards, and may relate to appraisal, credit, and other housing market data, housing needs, demand and supply, finance and investment, land costs, use and improvement, site planning and utilities, zoning and other laws, codes, and regulations as they apply to housing, other factors affecting the cost of housing, and related technical and economic research. Contracts may be made by the [Administrator] *Secretary* for technical research and studies authorized by this subsection for work to continue not more than four years from the date of any such contract. Notwithstanding the provisions of section 5 of the Act of June 20, 1874, as amended (31 U.S.C. 713), any unexpended balances of appropriations properly obligated by contracting with an organization as provided in this subsection may remain upon the books of the Treasury for not more than five fiscal years before being carried to the surplus fund and covered into the Treasury. All contracts made by the [Administrator] *Secretary* for technical research and studies authorized by this or any other Act shall contain requirements making the results of such research or studies available to the public through dedication, assignment to the Government, or such other means as the [Administrator] *Secretary* shall determine. The [Administrator] *Secretary* shall disseminate, and without regard to the provisions of 39 United States Code 321n, the results of such research and studies in such form as may be most useful to industry and to the general public. [Notwithstanding any other provisions of law except provisions enacted expressly in limitation hereof, the Administrator is authorized to consolidate, with the functions and activities performed under this subsection, any functions or activities now being performed or which, otherwise, would be performed by any constituent agency of the Housing and Home Finance Agency with respect to housing market data, and with respect to any other function or activity which the Administrator is authorized to perform by this subsection, if he determines that such consolidation is practicable and will promote more effective administration. The Administrator shall utilize the authority under this subsection with respect to housing market data to secure such information and data as may be required in connection with the functions of the constituent agencies within the Housing and Home Finance Agency and his supervision and coordination of the functions of said agencies, and in connection with determinations and approvals under section 15(7)(b)(ii) and section 15(8)(a) of the United States Housing Act of 1937, as amended: *Provided*, That this sentence shall not be construed as a limitation upon the authority conferred upon the Administrator by this subsection.]

(b) Prepare and submit to the President and to the Congress estimates of national urban and rural nonfarm housing needs and reports with respect to the progress being made toward meeting such

needs, and correlate and recommend proposals for such executive action or legislation as may be necessary or desirable for the furtherance of the national housing objective and policy established by this Act, with respect to urban and rural nonfarm housing, together with such other reports or information as may be required of the [Administrator] *Secretary* by the President or the Congress.

(c) Encourage localities to make studies of their own housing needs and markets, along with surveys and plans for housing, urban land use and related community development, and provide, where requested and needed by the localities, technical advice and guidance in the making of such studies, surveys, and plans. To facilitate the cooperation of Federal agencies in carrying out such studies or surveys, such Federal agencies are hereby authorized to accept funds and reimburse their appropriation for the cost of such studies or surveys.

SEC. 302. In carrying out research and studies under this title, the [Administrator] *Secretary* shall utilize, to the fullest extent feasible, the available facilities of other departments, independent establishments, and agencies of the Federal Government, and shall consult with, and make recommendations to, such departments, independent establishments, and agencies with respect to such action as may be necessary and desirable to overcome existing gaps and deficiencies in available housing data or in the facilities available for the collection of such data. The [Administrator] *Secretary* is further authorized, for the purposes of this title, to undertake research and studies cooperatively with industry and labor, and with agencies of State or local governments, and educational institutions and other nonprofit organizations. For the purpose of entering into contracts with any State or local public agency or instrumentality, or educational institution or other nonprofit agency or organization, in carrying out any research or studies authorized by this title, the [Administrator] *Secretary* may exercise any of the powers vested in him by section 502(c) of the Housing Act of 1948.

SEC. 303. There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this title.

[SEC. 304. The Administrator shall appoint a Director to administer the provisions of this title under the direction and supervision of the Administrator, and the basic rate of compensation of such position shall be the same as the basic rate of compensation established for the heads of the constituent agencies of the Housing and Home Finance Agency.]

* * *

TITLE V—ADMINISTRATIVE AND MISCELLANEOUS PROVISIONS

ADMINISTRATIVE PROVISIONS

* * *

SEC. 502. In carrying out their respective functions, powers, and duties—

(a) The [Housing and Home Finance Administrator] *Secretary of Housing and Urban Development* may appoint such officers and employees as he may find necessary, which appointments shall be subject to the civil-service laws and the Classification Act of 1923,

as amended. The [Administrator] *Secretary* may make such expenditures as may be necessary to carry out his functions, powers, and duties, and there are hereby authorized to be appropriated to the [Administrator] *Secretary*, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary to carry out such functions, powers, and duties and for administrative expenses in connection therewith. The [Administrator] *Secretary*, without in any way relieving himself from final responsibility, may delegate any of his functions and powers to such officers, agents, or employees as he may designate, may authorize such successive redelegations of such functions and powers, as he may deem desirable, and may make such rules and regulations as may be necessary to carry out his functions, powers, and duties. [The Administrator shall cause to be prepared for the Housing and Home Finance Agency an official seal of such device as he shall approve, and judicial notice shall be taken of said seal.] The Secretary of Commerce or his designee shall hereafter be included in the membership of the National Housing Council.

(b) The [Public Housing Administration shall sue] *United States Housing Authority may sue* and be sued only with respect to its functions under the United States Housing Act of 1937, as amended, and title II of Public Law 671, Seventy-sixth Congress, approved June 28, 1940, as amended. [The Public Housing Commissioner may appoint such officers and employees as he may find necessary, which appointments, notwithstanding the provisions of any other law, shall hereafter be made hereunder, and shall be subject to the civil-service laws and the Classification Act of 1923, as amended; delegate any of his functions and powers to such officers, agents, or employees of the Public Housing Administration as he may designate; and make such rules and regulations as he may find necessary to carry out his functions, powers, and duties.] Funds made available for carrying out the functions, powers, and duties of the [Administration] *Authority* (including appropriations therefor, which are hereby authorized) shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the [Administration] *Authority*. Notwithstanding any other provisions of law except provisions of law hereafter enacted expressly in limitation hereof, the [Public Housing Administration] *United States Housing Authority*, or any State or local public agency administering a low-rent housing project assisted pursuant to the United States Housing Act of 1937 or title II of Public Law 671, Seventy-sixth Congress, approved June 28, 1940, shall continue to have the right to maintain an action or proceeding to recover possession of any housing accommodations operated by it where such action is authorized by the statute or regulations under which such housing accommodations are administered, and, in determining net income for the purposes of tenant eligibility with respect to low-rent housing projects assisted pursuant to said Acts, the [Public Housing Administration] *United States Housing Authority* is authorized, where it finds such action equitable and in the public interest, to exclude amounts or portions thereof paid by the United States Government for disability or death occurring in connection with military service.

(c) The [Housing and Home Finance Administrator, the Home Loan Bank Board] *Secretary of Housing and Urban Development and the Federal Home Loan Bank Board* (which term as used in this section shall also include and refer to the Federal Savings and Loan Insurance Corporation, the Home Owners' Loan Corporation, and the Chairman of the [Home Loan Bank Board], the Federal Housing Commissioner, and the Public Housing Commissioner] *Federal Home Loan Bank Board*, respectively, may, in addition to and not in derogation of any powers and authorities conferred elsewhere in this Act—

(1) with the consent of the agency or organization concerned, accept and utilize equipment, facilities, or the services of employees of any State or local public agency or instrumentality, educational institution, or nonprofit agency or organization and, in connection with the utilization of such services, may make payments for transportation while away from their homes or regular places of business and per diem in lieu of subsistence en route and at place of such service, in accordance with the provisions of 5 U.S.C. 73b-2;

(2) utilize, contract with, and act through, without regard to section 3709, of the Revised Statutes, any Federal, State, or local public agency or instrumentality, educational institution, or nonprofit agency or organization with the consent of the agency or organization concerned, and any funds available to said officers for carrying out their respective functions, powers, and duties shall be available to reimburse or pay any such agency or organization; and, whenever in the judgment of any such officer necessary, he may make advance, progress, or other payments with respect to such contracts without regard to the provisions of section 3648 of the Revised Statutes;

(3) make expenditures for all necessary expenses, including preparation, mounting, shipping, and installation of exhibits; purchase and exchange of technical apparatus; and such other expenses as may, from time to time, be found necessary in carrying out their respective functions, powers, and duties: *Provided*, That funds made available for administrative expenses in carrying out the functions, powers, and duties imposed upon the [Housing and Home Finance Administrator, the Home Loan Bank Board, the Federal Housing Commissioner, and the Public Housing Commissioner] *Secretary of Housing and Urban Development and the Federal Home Loan Bank Board*, respectively, by or pursuant to law may at their option be consolidated into single administrative expense fund accounts of [said officers or agencies] *such officer or agency* for expenditure by them, respectively, in accordance with the provisions hereof.

(d) The [Housing and Home Finance Administrator, the Federal Housing Commissioner, and the Public Housing Commissioner, respectively, may utilize funds made available to them] *Secretary of Housing and Urban Development may utilize funds made available to him* for salaries and expenses for payment in advance for dues or fees for library memberships in organizations (or for membership of the individual librarians [of the respective agencies] in organizations which will not accept library membership) whose publications are

available to members only, or to members at a price lower than to the general public, and for payment in advance for publications available only upon that basis or available at a reduced price on prepublication order.

* * *

HOUSING ACT OF 1949

[Public Law 171, 81st Congress; 63 Stat. 413; 42 U.S.C. 1441 (1946 ed., Supp. III)]

* * *

DECLARATION OF NATIONAL HOUSING POLICY

SEC. 2. The Congress hereby declares that the general welfare and security of the Nation and the health and living standards of its people require housing production and related community development sufficient to remedy the serious housing shortage, the elimination of substandard and other inadequate housing through the clearance of slums and blighted areas, and the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family, thus contributing to the development and redevelopment of communities and to the advancement of the growth, wealth, and security of the Nation. The Congress further declares that such production is necessary to enable the housing industry to make its full contribution toward an economy of maximum employment, production, and purchasing power. The policy to be followed in attaining the national housing objective hereby established shall be: (1) private enterprise shall be encouraged to serve as large a part of the total need as it can; (2) governmental assistance shall be utilized where feasible to enable private enterprise to serve more of the total need; (3) appropriate local public bodies shall be encouraged and assisted to undertake positive programs of encouraging and assisting the development of well-planned, integrated residential neighborhoods, the development and redevelopment of communities, and the production, at lower costs, of housing of sound standards of design, construction, livability, and size for adequate family life; (4) governmental assistance to eliminate substandard and other inadequate housing through the clearance of slums and blighted areas, to facilitate community development and redevelopment, and to provide adequate housing for urban and rural nonfarm families with incomes so low that they are not being decently housed in new or existing housing shall be extended to those localities which estimate their own needs and demonstrate that these needs are not being met through reliance solely upon private enterprise, and without such aid; and (5) governmental assistance for decent, safe, and sanitary farm dwellings and related facilities shall be extended where the farm owner demonstrates that he lacks sufficient resources to provide such housing on his own account and is unable to secure necessary credit for such housing from other sources on terms and conditions which he could reasonably be expected to fulfill. [The Housing and Home Finance Agency and its constituent agencies] *The Department of Housing and Urban Development*, and any other departments or agencies of the Federal Government having powers, functions, or duties with respect to housing,

shall exercise their powers, functions, and duties under this or any other law, consistently with the national housing policy declared by this Act and in such manner as will facilitate sustained progress in attaining the national housing objective hereby established, and in such manner as will encourage and assist (1) the production of housing of sound standards of design, construction, livability, and size for adequate family life; (2) the reduction of the costs of housing without sacrifice of such sound standards; (3) the use of new designs, materials, techniques, and methods in residential construction, the use of standardized dimensions and methods of assembly of home-building materials and equipment, and the increase of efficiency in residential construction and maintenance; (4) the development of well-planned, integrated, residential neighborhoods and the development and redevelopment of communities; and (5) the stabilization of the housing industry at a high annual volume of residential construction.

* * *

TITLE I—SLUM CLEARANCE AND URBAN RENEWAL

URBAN RENEWAL FUND

SEC. 100. The authorizations, funds, and appropriations available pursuant to sections 102 and 103 hereof shall constitute a fund, to be known as the "Urban Renewal Fund", and shall be available for advances, loans, and grants to local public agencies for urban renewal projects in accordance with the provisions of this title, and all contracts, obligations, assets, and liabilities existing under or pursuant to said sections prior to the enactment of the Housing Act of 1954 are hereby transferred to said Fund.

LOCAL RESPONSIBILITIES

SEC. 101. (a) In entering into any contract for advances for surveys, plans, and other preliminary work for projects under this title or for grants pursuant to section 103(d), the [Administrator] *Secretary* shall give consideration to the extent to which appropriate local public bodies have undertaken positive programs (through the adoption, modernization, administration, and enforcement of housing, zoning, building and other local laws, codes and regulations relating to land use and adequate standards of health, sanitation, and safety for buildings, including the use and occupancy of dwellings) for (1) preventing the spread or recurrence in the community of slums and blighted areas, and (2) encouraging housing cost reductions through the use of appropriate new materials, techniques, and methods in land and residential planning, design, and construction, the increase of efficiency in residential construction, and the elimination of restrictive practices which unnecessarily increase housing costs.

(b) In the administration of this title, the [Administrator] *Secretary* shall encourage the operations of such local public agencies as are established on a State, or regional (within a State), or unified metropolitan basis or as are established on such other basis as permits such agencies to contribute effectively toward the solution of community development or redevelopment

problems on a State or regional (within a State), or unified metropolitan basis. The [Administrator] *Secretary* shall particularly encourage the utilization of local public agencies established by the States to operate on a statewide basis in behalf of smaller communities within the State which are undertaking or propose to undertake urban renewal programs whenever that arrangement facilitates the undertaking of an urban renewal program by any such community, or provides an effective solution to community development or redevelopment problems in such communities, and is approved by resolution or ordinance of the governing bodies of the affected communities.

(c) No contract shall be entered into for any loan or capital grant under this title, or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, for any project or projects not constructed or covered by a contract for annual contributions prior to August 1, 1956, and no mortgage shall be insured, and no commitment to insure a mortgage shall be issued, under section 220 or section 221(d)(3) of the National Housing Act, as amended, unless (1) there is presented to the [Administrator] *Secretary* by the locality a workable program for community improvement (which shall include an official plan of action, as it exists from time to time, for effectively dealing with the problem of urban slums and blight within the community and for the establishment and preservation of a well-planned community with well-organized residential neighborhoods of decent homes and suitable living environment for adequate family life) for utilizing appropriate private and public resources to eliminate, and prevent the development or spread of, slums and urban blight, to encourage needed urban rehabilitation, to provide for the redevelopment of blighted, deteriorated, or slum areas, or to undertake such of the aforesaid activities or other feasible community activities as may be suitably employed to achieve the objectives of such a program, and (2) on the basis of his review of such program, the [Administrator] *Secretary* determines that such program meets the requirements of this subsection and certifies [to the constituent agencies affected] that the Federal assistance may be made available in such community: *Provided*, That this sentence shall not apply to the insurance of, or commitment to insure, a mortgage under (i) section 220 of the National Housing Act, as amended, if the mortgaged property is in an area referred to in clause (A)(i) of paragraph (1) of section 220(d) of the National Housing Act, or (ii) section 221(d)(3) of the National Housing Act if payments with respect to the mortgaged property are made or are to be made under section 101 of the Housing and Urban Development Act of 1965, except that no such mortgage shall be insured, and no commitment to insure such a mortgage shall be issued, with respect to property in any community for which a workable program for community improvement was required and in effect at the time a contract for a loan or capital grant was entered into under this title, or a contract for annual contributions or capital grants was entered into pursuant to the United States Housing Act of 1937, unless there is a workable program for community improvement which meets the requirements of this subsection in effect in such community at the time of such insurance or commitment: *Provided further*, That commencing three years after the date of enactment of the Hous-

ing Act of 1964, no workable program shall be certified or re-certified unless (A) the locality has had in effect, for at least six months prior to such certification or re-certification, a minimum standards housing code, related but not limited to health, sanitation, and occupancy requirements, which is deemed adequate by the [Administrator] *Secretary*, and (B) the [Administrator] *Secretary* is satisfied that the locality is carrying out an effective program of enforcement to achieve compliance with such housing code. Notwithstanding any other provision of law, in the case of a contract with an Indian tribe, band, or nation (or a public housing or other public agency for such tribe, band, or nation established under State or tribal law), the workable program and minimum standards housing code, referred to in the preceding sentence, may be presented to the [Administrator] *Secretary* by such tribe, band, or nation, and it shall be subject to the requirements of law with respect to such program and code only to the extent that such tribe, band, or nation has the legal jurisdiction and power to carry out such requirements.

(d) The [Administrator] *Secretary* is authorized to establish facilities (1) for furnishing to communities, at their request, an urban renewal service to assist them in the preparation of a workable program as referred to in the preceding subsection and to provide them with technical and professional assistance for planning and developing local urban renewal programs (including rehabilitation projects requiring no additional assistance under this title or self-liquidation redevelopment projects), and (2) for the assembly, analysis and reporting of information pertaining to such programs.

(e) No loan or grant contract may be entered into by the [Administrator] *Secretary* for an urban renewal project unless he determines that (1) the workable program for community improvement presented by the locality pursuant to subsection (c) is of sufficient scope and content to furnish a basis for evaluation of the need for the urban renewal project; and (2) such project is in accord with the program.

LOANS

SEC. 102. (a) To assist local communities in the elimination of slums and blighted or deteriorated or deteriorating areas, in preventing the spread of slums, blight or deterioration, and in providing maximum opportunity for the redevelopment, rehabilitation, and conservation of such areas by private enterprise, the [Administrator] *Secretary* may make temporary and definitive loans to local public agencies in accordance with the provisions of this title for the undertaking of urban renewal projects. Such loans (outstanding at any one time) shall be in such amounts not exceeding the estimated expenditures to be made by the local public agency for such purposes, bear interest at such rate (not less than the applicable going Federal rate), be secured in such manner, and be repaid within such period (not exceeding, in the case of definitive loans, forty years from the date of the bonds or other obligations evidencing such loans), as may be deemed advisable by the [Administrator] *Secretary*. In any case where, in connection with its undertaking

and carrying out of an urban renewal project, a local public agency is authorized (under the circumstances in which the temporary loan herein provided is requested) to acquire real property in the urban renewal area, the [Administrator] *Secretary*, in addition to all other authority under this title and notwithstanding any other provisions of this title, regardless of the stage of development of the urban renewal plan and whether before or after the approval thereof, may make a temporary loan or loans to any such local public agency to finance the acquisition of such real property: *Provided*, That no loan for such purpose shall be made unless (1) the governing body of the locality involved shall have approved by resolution or ordinance the acquisition of real property in the urban renewal area, and (2) either (A) the [Administrator] *Secretary* shall have determined that such loan is reasonably secured by a first mortgage or other prior lien upon such real property or is otherwise reasonably secured, or (B) the governing body of the locality shall have assumed the responsibility to bear any loss that may arise as the result of such acquisition in the event that the property so acquired is not used for urban renewal purposes because the urban renewal plan for the project is not approved, or is amended to omit any of the acquired property, or is abandoned for any reason: *Provided further*, That the [Administrator] *Secretary* may, in his discretion and subject to such conditions as he may impose, permit any structure so acquired to be demolished and removed, and may include in any loan authorized by this section the cost of such demolition and removal, together with administrative, relocation, and other related costs and payments, if the approval of the local governing body extends to such demolition and removal: *And provided further*, That the loan contract shall provide that the local public agency shall not dispose of such real property (except in lieu of foreclosure) until the local governing body of the locality involved shall have either approved the urban renewal plan for the project or consented to the disposal of such real property. Notwithstanding any other provision of this title, the [Administrator] *Secretary* may make a temporary loan, as described in the first two sentences of this subsection, for two or more urban renewal projects being carried out by the same local public agency. The principal amount of any such loan which is outstanding at any one time shall not exceed the estimated expenditures to be made by the local public agency for such projects.

(b) In connection with any project on land which is open or predominantly open, the [Administrator] *Secretary* may make temporary loans to municipalities or other public bodies for the provision of public buildings or facilities necessary to serve or support the new uses of such land in the project area. Such temporary loans shall be in such amounts not exceeding the expenditures to be made for such purpose, bear interest at such rate (not less than the applicable going Federal rate), be secured in such manner, and be repaid within such period (not exceeding ten years from the date of the obligations evidencing such loans), as may be deemed advisable by the [Administrator] *Secretary*.

(c) Loans made pursuant to subsection (a) or (b) hereof may be made subject to the condition that, if at any time or times or for any

period or periods during the life of the loan contract the local public agency can obtain loan funds from sources other than the Federal Government at interest rates lower than provided in the loan contract, it may do so with the consent of the [Administrator] *Secretary* at such times and for such periods without waiving or surrendering any rights to loan funds under the contract for the remainder of the life of such contract, and, in any such case, the [Administrator] *Secretary* is authorized to consent to a pledge by the local public agency of the loan contract, and any or all of its rights thereunder, as security for the repayment of the principal of and the interest on the loan funds so obtained from other sources. In connection with any such pledge of a loan contract, including loan payments thereunder, as security for the repayment of obligations of the local public agency held by other than the Federal Government, the [Administrator] *Secretary* is authorized to agree to pay, through operations of a paying agent or agents, and to pay or cause to be paid when due, from funds obtained pursuant to subsection (e) of this section, to the holders of such obligations (or to their agents or designees) the principal of and the interest on such obligations, subject to such conditions as the [Administrator] *Secretary* may determine but without regard to any other condition or requirement. Notwithstanding any other provision of law, any contract or other instrument executed by the [Administrator] *Secretary* which, by its terms, includes an obligation of the [Administrator] *Secretary* to make payment pursuant to this subsection shall be construed by all officers of the United States separate and apart from the loan contract and shall be incontestable in the hands of a bearer and the full faith and credit of the United States is pledged to the payment of all amounts agreed to be paid by the [Administrator] *Secretary* pursuant to this subsection.

(d) The [Administrator] *Secretary* may make advances of funds to local public agencies for surveys of urban areas to determine whether the undertaking of urban renewal projects therein may be feasible and for surveys and plans for urban renewal projects which may be assisted under this title, including, but not limited to, (i) plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, (ii) plans for the enforcement of State and local laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements, and (iii) appraisals, title searches, and other preliminary work necessary to prepare for the acquisition of land in connection with the undertaking of such projects. The contract for any such advance of funds shall be made upon the condition that such advance of funds shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to the local public agency for the undertaking of the project involved. No contract for any such advances of funds for surveys and plans for urban renewal projects which may be assisted under this title shall be made unless the governing body of the locality involved has by resolution or ordinance approved the undertaking of such surveys and plans and the submission by the local public agency of an application for such advance of funds. Notwithstanding section 110(h) or the use in any

other provision of this title of the term "local public agency" or "local public agencies" the [Administrator] *Secretary* may make advances of funds under this subsection for surveys and plans for an urban renewal project (including General Neighborhood Renewal Plans as hereinafter defined) to a single local public body which has the authority to undertake and carry out a substantial portion, as determined by the [Administrator] *Secretary*, of the surveys and plans or the project respecting which such surveys and plans are to be made: *Provided*, That the application for such advances shows, to the satisfaction of the [Administrator] *Secretary*, that the filing thereof has been approved by the public body or bodies authorized to undertake the other portions of the surveys and plans or of the project which the applicant is not authorized to undertake.

In order to facilitate proper preliminary planning for the attainment of the urban renewal objectives of this title, the [Administrator] *Secretary* may also make advances of funds (in addition to those authorized above) to local public agencies for the preparation of General Neighborhood Renewal Plans (as herein defined). A General Neighborhood Renewal Plan may be prepared for an area consisting of an urban renewal area or areas, together with any adjoining areas having specially related problems, and which is of such size that the urban renewal activities in the urban renewal area or areas may have to be initiated in stages, consistent with the capacity and resources of the respective local public agency or agencies, over an estimated period of not more than eight years.

No contract for advances for the preparation of a General Neighborhood Renewal Plan may be made unless the [Administrator] *Secretary* has determined that:

- (1) in the interest of sound community planning, it is desirable that the urban renewal activities proposed for the area be planned in their entirety;

- (2) the local public agency proposes to undertake promptly an urban renewal project embracing at least 10 per centum of such area, upon completion of the General Neighborhood Renewal Plan and the preparation of an urban renewal plan for such project; and

- (3) the governing body of the locality has by resolution or ordinance (i) approved the undertaking of the General Neighborhood Renewal Plan and the submission of an application for such advance and (ii) represented that such plan will be used to the fullest extent feasible as a guide for the provision of public improvements in such area and that the plan will be considered in formulating codes and other regulatory measures affecting property in the area and in undertaking other local governmental activities pertaining to the development, redevelopment, rehabilitation, and conservation of the area.

The contract for any such advance of funds for a General Neighborhood Renewal Plan shall be made upon the condition that such advance shall be repaid, with interest at not less than the applicable Federal rate, out of any moneys which become available to the local public agency for the undertaking of the first urban renewal project in such area: *Provided*, That in the event of the undertaking:

of any other project or projects in such area an appropriate allocation of the amount of the advance, with interest, may be effected to the end that each such project may bear its proper allocable part, as determined by the [Administrator] *Secretary* of the cost of the General Neighborhood Renewal Plan. As used herein, a General Neighborhood Renewal Plan means a preliminary plan (conforming in the determination of the governing body of the locality, to the general plan of the locality as a whole and to the workable program of the community meeting the requirements of section 101) which outlines the urban renewal activities proposed for the area involved, provides a framework for the preparation of urban renewal plans and indicates generally, to the extent feasible in preliminary planning, the land uses, population density, building coverage, prospective requirements for rehabilitation and improvement of property, and any portions of the area contemplated for clearance and redevelopment.

(e) The total amount of loan contracts outstanding at any one time under this title shall not exceed the aggregate of the estimated expenditures to be made by local public agencies as part of the gross project cost of the projects assisted by such contracts. To obtain funds for advance and loan disbursements under this title, the [Administrator] *Secretary* may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount which shall not, unless authorized by the President exceed \$1,000,000,000. For the purpose of establishing unpaid obligations as of a given date against the authorization contained in the preceding sentence, the [Administrator] *Secretary* shall estimate the maximum amount to be required to be borrowed from the Treasury and outstanding at any one time with respect to loan commitments in effect on such date.

(f) Notes or other obligations issued by the [Administrator] *Secretary* under this title shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the [Administrator] *Secretary*, with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the [Administrator] *Secretary* issued under this title and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

(g) Obligations, including interest thereon, issued by local public agencies for projects assisted pursuant to this title, and income derived

by such agencies from such projects, shall be exempt from all taxation now or hereafter imposed by the United States.

CAPITAL GRANTS

SEC. 103. (a) (1) The **[Administrator]** *Secretary* may make capital grants to local public agencies in accordance with the provisions of this title for urban renewal projects: *Provided*, That the **[Administrator]** *Secretary* shall not make any contract for capital grant with respect to a project which consists of open land.

(2) The aggregate of such capital grants with respect to all of the projects of a local public agency (or of two or more local public agencies in the same municipality) on which contracts for capital grants have been made under this title shall not exceed the total of—

(A) two-thirds of the aggregate net project costs of all such projects to which neither subparagraph (B) nor subparagraph (C) applies, and

(B) three-fourths of the aggregate net project costs of any such projects which are located in (i) a municipality having a population of fifty thousand or less according to the most recent decennial census, or (ii) a municipality situated in a labor market area which, at the time the contract or contracts involved are entered into or at such earlier time as the **[Administrator]** *Secretary* may specify in order to avoid hardship, is designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act or any other legislation enacted after the date of the enactment of the Housing and Urban Development Act of 1965 containing standards for designation as a redevelopment area generally comparable to those set forth in the second sentence of section 5(a) of the Area Redevelopment Act, and

(C) three-fourths of the aggregate net project costs of any of such projects (not falling within subparagraph (B)) which the **[Administrator]** *Secretary*, upon request, may approve on a three-fourths capital grant basis.

(3) A capital grant with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project.

(b) The **[Administrator]** *Secretary* may, with the approval of the President, contract to make grants under this title aggregating not to exceed \$4,700,000,000, which amount shall be increased by \$675,000,000 on the date of the enactment of the Housing and Urban Development Act of 1965, by \$725,000,000 on July 1, 1966, and by \$750,000,000 on July 1 in each of the years 1967 and 1968. Such grants shall not be used for major long-term capital improvement; shall not exceed two-thirds of the cost, as determined or estimated by the **[Administrator]** *Secretary*, of the project for which the grant is made; and shall be subject to such other terms and conditions as he may prescribe. The **[Administrator]** *Secretary* is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advance or progress payments on account of any grant contracted to be made pursuant to this section. The faith of the United States is solemnly pledged to the payment of all grants

contracted for under this title, and there are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments: *Provided*, That any amounts so appropriated shall also be available for repaying to the Secretary of the Treasury, for application to notes of the [Administrator] *Secretary*, the principal amounts of any funds advanced to local public agencies under this title which the [Administrator] *Secretary* determines to be uncollectible because of the termination of activities for which such advances were made, together with the interest paid or accrued to the Secretary of the Treasury (as determined by him) attributable to notes given by the [Administrator] *Secretary* in connection with such advances, but all such repayments shall constitute a charge against the authorization to make contracts for grants contained in this section: *Provided further*, That no such determination of the [Administrator] *Secretary* shall be construed to prejudice the rights of the United States with respect to any such advance.

(c) Notwithstanding any other provision of this or any other Act, if financial assistance authorized by this title to be made available to a locality or local public agency may be made available to any locality or local public agency within the limitations provided in sections 102(e), 103(b), and 106(e), and the second paragraph following the paragraph numbered (6) of section 110(c), the amount of such financial assistance made available to any locality or local public agency upon submission and processing of proper application therefor shall not otherwise be restricted except on the basis of (1) urgency of need, and (2) feasibility, as determined by the [Administrator] *Secretary*.

(d) The [Administrator] *Secretary* may contract to make grants for the preparation or completion of community renewal programs, which may include, without being limited to, (1) the identification of slum areas or blighted, deteriorated, or deteriorating areas in the community, (2) the measurement of the nature and degree of blight and blighting factors within such areas, (3) determination of the financial, relocation, and other resources needed and available to renew such areas, (4) the identification of potential project areas and, where feasible, types of urban renewal action contemplated within such areas, and (5) scheduling or programming of urban renewal activities. Such programs shall conform, in the determination of the governing body of the locality, to the general plan of the locality as a whole. The [Administrator] *Secretary* may establish reasonable requirements respecting the scope and content of such programs. No contract for a grant pursuant to this subsection shall be made unless the governing body of the locality involved has approved the preparation or completion of the community renewal program and the submission by the local public agency of an application for such a grant. Notwithstanding section 110(h) or the use in any other provision of this title of the term "local public agency" or "local public agencies," the [Administrator] *Secretary* may make grants pursuant to this subsection for the preparation or completion of a community renewal program to a single local public body authorized to perform the planning work necessary to such preparation or completion. No grant made pursuant to this subsection shall exceed

two-thirds of the cost (as such cost is determined or estimated by the [Administrator] *Secretary* of the preparation or completion of the community renewal program for which such grant is made.

REQUIREMENTS FOR LOCAL GRANTS-IN-AID

SEC. 104. Every contract for capital grants under this title shall require local grants-in-aid in connection with the project involved. Such local grants-in-aid, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency (or two or more local public agencies in the same municipality) on which contracts for capital grants have theretofore been made, shall be at least equal to the total of one-third of the aggregate net project costs of such projects undertaken on a two-thirds capital grant basis and one-fourth of the aggregate net project costs of such projects undertaken on a three-fourths capital grant basis.

LOCAL DETERMINATIONS

SEC. 105. Contracts for loans or capital grants shall be made only with a duly authorized local public agency and shall require that—

(a) The urban renewal plan for the urban renewal area be approved by the governing body of the locality in which the project is situated, and that such approval include findings by the governing body that (i) the financial aid to be provided in the contract is necessary to enable the project to be undertaken in accordance with the urban renewal plan; (ii) the urban renewal plan will afford maximum opportunity, consistent with the sound needs of the locality as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise; (iii) the urban renewal plan conforms to a general plan for the development of the locality as a whole; and (iv) the urban renewal plan gives due consideration to the provision of adequate park and recreational areas and facilities, as may be desirable for neighborhood improvement with special consideration for the health, safety, and welfare of children residing in the general vicinity of the site covered by the plan;

(b) When real property acquired or held by the local public agency in connection with the project is sold or leased, the purchasers or lessees and their assignees shall be obligated (i) to devote such property to the uses specified in the urban renewal plan for the project area; (ii) to begin within a reasonable time any improvements on such property required by the urban renewal plan; and (iii) to comply with such other conditions as the [Administrator] *Secretary* finds, prior to the execution of the contract for loan or capital grant pursuant to this title, are necessary to carry out the purposes of this title: *Provided*, That clause (ii) of this subsection shall not apply to mortgagees and others who acquire an interest in such property as the result of the enforcement of any lien or claim thereon: *And provided further*, That, with respect to any improvements of a type which it is otherwise authorized to undertake, any Federal agency (as defined in section 3(b) of the Federal Property and Administrative Services Act of 1949, as amended, and also including the District of Columbia or any agency thereof) is hereby authorized to become obligated in

accordance with this subsection, except that clause (ii) of this subsection shall apply to such Federal agency only to the extent that it is authorized (and funds have been made available) to make the improvements involved;

(c) (1) There shall be a feasible method for the temporary relocation of individuals and families displaced from the urban renewal area, and there are or are being provided, in the urban renewal area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the individuals and families displaced from the urban renewal area, decent, safe, and sanitary dwellings equal in number to the number of and available to such displaced individuals and families and reasonably accessible to their places of employment. The **[Administrator]** *Secretary* shall issue rules and regulations to aid in implementing the requirements of this subsection and in otherwise achieving the objectives of this title. Such rules and regulations shall require that there be established, at the earliest practicable time, for each urban renewal project involving the displacement of individuals, families, and business concerns occupying property in the urban renewal area, a relocation assistance program which shall include such measures, facilities, and services as may be necessary or appropriate in order (A) to determine the needs of such individuals, families, and business concerns for relocation assistance; (B) to provide information and assistance to aid in relocation and otherwise minimize the hardships of displacement, including information as to real estate agencies, brokers, and boards in or near the urban renewal area which deal in residential or business property that might be appropriate for the relocating of displaced individuals, families, and business concerns; and (C) to assure the necessary coordination of relocation activities with other project activities and other planned or proposed governmental actions in the community which may affect the carrying out of the relocation program, particularly planned or proposed low-rent housing projects to be constructed in or near the urban renewal area.

(2) As a condition to further assistance after the enactment of this paragraph with respect to each urban renewal project involving the displacement of individuals and families, the **[Administrator]** *Secretary* shall require, within a reasonable time prior to actual displacement, satisfactory assurance by the local public agency that decent, safe, and sanitary dwellings as required by the first sentence of this subsection are available for the relocation of each such individual or family.

(d) No land for any project to be assisted under this title shall be acquired by the local public agency except after public hearing following notice of the date, time, place, and purpose of such hearing.

(e) No understanding with respect to, or contract for, the disposition of land within an urban renewal area shall be entered into by a local public agency unless the local public agency shall have first made public, in such form and manner as may be prescribed by the **[Administrator]** *Secretary*, (1) the name of the redeveloper, together with the names of its officers and principal members, shareholders and investors, and other interested parties, (2) the redeveloper's estimate

of the cost of any residential redevelopment and rehabilitation, and (3) the redeveloper's estimate of rentals and sales prices of any proposed housing involved in such redevelopment and rehabilitation: *Provided*, That nothing in this subsection shall constitute a basis for contesting the conveyance of, or title to, such land.

GENERAL PROVISIONS

SEC. 106. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the [Administrator] *Secretary*, notwithstanding the provisions of any other law, shall—

[(1)] appoint a Director to administer the provisions of this title under the direction and supervision of the Administrator and the basic rate of compensation of such position shall be the same as the basic rate of compensation established for the heads of the constituent agencies of the Housing and Home Finance Agency;]

[(2)] (1) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended;

[(3)] (2) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required: *Provided*, That such financial transactions of the [Administrator] *Secretary* as the making of advances of funds, loans, or grants and vouchers approved by the [Administrator] *Secretary* in connection with such financial transactions shall be final and conclusive upon all officers of the Government.

(b) Funds made available to the [Administrator] *Secretary* pursuant to the provisions of this title shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the [Administrator] *Secretary* in connection with the performance of his functions under this title shall be available for any of the purposes of this title (except for grants pursuant to section 103 hereof), and all funds available for carrying out the functions of the [Administrator] *Secretary* under this title (including appropriations therefor, which are hereby authorized), shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the [Administrator] *Secretary* in connection with the performance of such functions: *Provided*, That necessary expenses of inspections and audits, and of providing representatives at the site, of projects being planned or undertaken by local public agencies pursuant to this title shall be compensated by such agencies by the payment of fixed fees which in the aggregate will cover the costs of rendering such services, and such expenses shall be considered nonadministrative; and for the purpose of providing such inspections and audits and of providing representatives at the sites, the [Administrator] *Secretary* may utilize any agency and such agency may accept reimbursement or

payment for such services from such local public agencies or the [Administrator] *Secretary*, and credit such amounts to the appropriations or funds against which such charges have been made.

(c) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the [Administrator] *Secretary*, notwithstanding the provisions of any other law, may—

(1) sue and be sued;

(2) foreclose on any property or commence any action to protect or enforce any right conferred upon him by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any project or part thereof in connection with which he has made a loan or capital grant pursuant to this title. In the event of any such acquisition, the [Administrator] *Secretary* may, notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, complete, administer, dispose of, and otherwise deal with, such project or part thereof: *Provided*, That any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property;

(3) enter into agreements to pay annual sums in lieu of taxes to any State or local taxing authority with respect to any real property so acquired or owned, and such sums shall approximate the taxes which would be paid upon such property to the State or local taxing authority, as the case may be, if such property were not exempt from taxation;

(4) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as he may fix;

(5) obtain insurance against loss in connection with property and other assets held;

(6) subject to the specific limitations in this title, consent to the modification, with respect to rate of interest, time of payment of any installment of principal or interest, security, amount of grant, or any other term, of any contract or agreement to which he is a party or which has been transferred to him pursuant to this title;

(7) include in any contract or instrument made pursuant to this title such other covenants, conditions, or provisions (including such covenants, conditions, or provisions as, in the determination of the [Administrator] *Secretary*, are necessary or desirable to prevent the payment of excessive prices for the acquisition of land in connection with projects assisted under this title) as he may deem necessary to assure that the purposes of this title will be achieved. No provision of this title shall be construed or administered to permit speculation in land holding; and

(8) make advance or progress payments on account of any grant contracted to be made pursuant to this title, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, or any other provisions of this title.

(d) Section 3709, as amended, of the Revised Statutes shall not apply to any contract for services or supplies on account of any prop-

erty acquired pursuant to this title if the amount of such contract does not exceed \$1,000.

(e) Not more than 12½ per centum of the grant funds provided for in this title shall be expended in any one State: *Provided*, That the [Administrator] *Secretary*, without regard to such limitation, may enter into contracts for grants aggregating not to exceed \$100,000,000 (subject to the total authorization provided in section 103(b) of this title) with local public agencies in States where more than two-thirds of the maximum grants permitted in the respective State under this subsection has been obligated.

(f)

(g) No provision permitting the new construction of hotels or other housing for transient use in the redevelopment of any urban renewal area under this title shall be included in the urban renewal plan unless the community in which the project is located, under regulations prescribed by the [Administrator] *Secretary*, has caused to be made a competent independent analysis of the local supply of transient housing and as a result thereof has determined that there exists in the area a need for additional units of such housing.

(h) Notwithstanding any other provision of this title, no contract shall be entered into for any loan or capital grant under this title with any local public agency unless the local public agency establishes, by evidence satisfactory to the [Administrator] *Secretary*, that any urban renewal project with respect to which such local public agency has received a loan or capital grant under this title has been, or will be, undertaken and carried out in substantial accordance with the urban renewal plan, and any amendments thereto, approved with respect to such project, and the terms of the contract for loan or capital grant covering such project.

PROPERTY TO BE USED FOR PUBLIC HOUSING OR HOUSING FOR MODERATE INCOME FAMILIES

SEC. 107. (a) Upon approval of the [Administrator] *Secretary* and subject to such conditions as he may determine to be in the public interest, any real property held as part of an urban renewal project may be made available to (1) a limited dividend corporation, nonprofit corporation or association, cooperative, or public body or agency, or (2) a purchaser who would be eligible for a mortgage insured under section 221(d)(3) or (d)(4) of the National Housing Act, for purchase at fair value for use by such purchaser in the provision of new or rehabilitated rental or cooperative housing for occupancy by families or individuals of moderate income.

(b) When it appears in the public interest that real property acquired as part of an urban renewal project should be used in whole or in part for a low-rent housing project assisted under the United States Housing Act of 1937, or under a State or local program found by the [Administrator] *Secretary* to have the same general purposes as the Federal program under such Act, the property shall be made available to the public housing agency undertaking the low-rent housing project at a price equal to its fair value, as determined in accordance with subsection (a), and such amount shall be included as part of

the development cost of such low-rent housing project: *Provided*, That the local contribution in the form of tax exemption or tax remission required by section 10(h) of such Act, or by analogous provisions in legislation authorizing such State or local program, with respect to the low-rent housing project into which such property was incorporated on or after September 23, 1959, shall (if covered by a contract which, in the determination of the [Public Housing Commissioner] *Secretary of Housing and Urban Development*, will assure that such local contribution will be made during the entire period that the project is used as low-rent housing within the meaning of such Act, or by provisions found by the [Administrator] *Secretary* to give equivalent assurance in the case of State or local programs) be accepted as a local grant-in-aid equal in amount, as determined by the [Administrator] *Secretary*, to one-half (or one-third in the case of an urban renewal project on a three-fourths capital grant basis) of the difference between the cost of such property (including costs of land, clearance, site improvements, and a share, prorated on an area basis, of administrative, interest, and other project costs) and its sales price, and shall be considered a local grant-in-aid furnished in a form other than cash within the meaning of section 110(d) of this Act.

SURPLUS FEDERAL REAL PROPERTY

SEC. 108. The President may at any time in his discretion, transfer or cause to be transferred, to the [Administrator] *Secretary* any right, title, or interest held by the Federal Government or any department or agency thereof in any land (including buildings thereon) which is surplus to the needs of the Government and which a local public agency certifies will be within the area of a project being planned by it. When such land is sold to the local public agency by the [Administrator] *Secretary*, it shall be sold at a price equal to its fair market value, and the proceeds from such sale shall be covered into the Treasury as miscellaneous receipts.

PROTECTION OF LABOR STANDARDS

SEC. 109. In order to protect labor standards—

(a) any contract for loan or capital grant pursuant to this title shall contain a provision requiring that not less than the salaries prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the [Administrator] *Secretary*, shall be paid to all architects, technical engineers, draftsmen, and technicians employed in the development of the project involved and shall also contain a provision that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (49 Stat. 1011), shall be paid to all laborers and mechanics, except such laborers or mechanics who are employees of municipalities or other local public bodies, employed in the development of the project involved for work financed in whole or in part with funds made available pursuant to this title; and the [Administrator] *Secretary* shall require certification as to compliance with provisions of this paragraph prior to making any payment under such contract; and

(b) the provisions of title 18, United States Code, section 874, and of title 40, United States Code, section 276c, shall apply to work financed in whole or in part with funds made available for the development of a project pursuant to this title.

DEFINITIONS

SEC. 110. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number :

(a) "Urban renewal area" means a slum area or a blighted, deteriorated, or deteriorating area in the locality involved which the [Administrator] *Secretary* approves as appropriate for an urban renewal project.

(b) "Urban renewal plan" means a plan, as it exists from time to time, for an urban renewal project, which plan (1) shall conform to the general plan of the locality as a whole and to the workable program referred to in section 101 hereof and shall be consistent with definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements; and (2) shall be sufficiently complete to indicate, to the extent required by the [Administrator] *Secretary* for the making of loans and grants under this title, such land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the urban renewal area, zoning and planning changes, if any, land uses, maximum densities, and building requirements.

(c) "Urban renewal project" or "project" may include undertakings and activities of a local public agency in an urban renewal area for the elimination and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof, in accordance with such urban renewal plan. Such undertakings and activities may include—

(1) acquisition of (i) a slum area or a deteriorated or deteriorating area, or (ii) land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community, or (iii) open land necessary for sound community growth which is to be developed for predominantly residential uses, or (iv) air rights in an area consisting principally of land in highways, railway or subway tracks, bridge or tunnel entrances, or other similar facilities which have a blighting influence on the surrounding area and over which air rights sites are to be developed for the elimination of such blighting influences and for the provision of housing (and related facilities and uses) designed specifically for, and limited to, families and individuals of low or moderate income: *Provided*. That the requirement in paragraph (a) of this section that the area be a slum area or a blighted, deteriorated or deteriorating area shall not be applicable in the case of projects under clauses (iii) and (iv) hereof: *Provided further*, That the

aggregate amount of capital grants for projects under clause (iv) shall not exceed 5 per centum of the aggregate amount of grants authorized by this title to be contracted for after the date of enactment of the Housing Act of 1964;

(2) demolition and removal of buildings and improvements;

(3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the urban renewal area the urban renewal objectives of this title in accordance with the urban renewal plan;

(4) disposition of any property acquired in the urban renewal area (including sale, leasing or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan or as provided in section 107;

(5) carrying out plans for programs of code enforcement or voluntary repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan.

(6) acquisition of any other real property in the urban renewal area where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or otherwise to remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities;

(7) construction of foundations and platforms necessary for the provision on air rights sites of housing (and related facilities and uses) designed specifically for, and limited to, families and individuals of low or moderate income;

(8) acquisition and repair or rehabilitation for guidance purposes, and resale by the local public agency, of structures which are located in the urban renewal area and which, under the urban renewal plan, are to be repaired or rehabilitated for dwelling use or related facilities: *Provided*, That the local public agency shall not acquire for such purposes, in any urban renewal area, structures which contain or will contain more than (A) one hundred dwelling units, or (B) 5 per centum of the total number of dwelling units in such area which, under the urban renewal plan, are to be repaired or rehabilitated, whichever is the lesser; and

(9) relocating within the project area a structure which the local public agency determines to be of historic value and which will be disposed of to a public body or a private nonprofit organization which will renovate and maintain such structure for historic purposes.

Notwithstanding any other provision of this title, (A) no contract shall be entered into for any loan or capital grant under this title for any project which provides for demolition and removal of buildings and improvements unless the [Administrator] *Secretary* determines that the objectives of the urban renewal plan could not be achieved through rehabilitation of the project area, and (B) not less than 10 per centum of the aggregate amount of (i) grants authorized to be contracted for under this title by the Housing and Urban Development Act of 1965 and subsequent Acts, and (ii) loans authorized to be made under section 312 of the Housing Act of 1964, shall be available for projects assisted with such grants or loans which involve primarily code enforcement and rehabilitation.

For the purposes of this title, the term "project" shall not include (except as provided in paragraphs (7), (8), and (9) above) the construction or improvement of any building, and the term "redevelopment" and derivatives thereof shall mean development as well as redevelopment. For any of the purposes of section 109 hereof, the term "project" shall not include any donations or provisions made as local grants-in-aid and eligible as such pursuant to clauses (2) and (3) of section 110(d) hereof.

Financial assistance shall not be extended under this title with respect to any urban renewal area which is not predominantly residential in character and which, under the urban renewal plan therefor, is not to be redeveloped for predominantly residential uses: *Provided*, That, if the governing body of the local public agency determines that the redevelopment of such an area for predominantly nonresidential uses is necessary for the proper development of the community, the [Administrator] *Secretary* may extend financial assistance under this title for such a project: *Provided further*, That the aggregate amount of capital grants contracted to be made pursuant to this title with respect to such projects after the date of the enactment of the Housing Act of 1959 shall not exceed 30 per centum of the aggregate amount of grants authorized by this title to be contracted for after such date: *And provided further*, That the aggregate amount of capital grants made available under this title with respect to such projects after the date of the enactment of the Housing and Urban Development Act of 1965 may be in an amount not to exceed (in addition to amounts previously available for such projects) 35 per centum of the amount of additional capital grants authorized under this title by such Act.

In addition to all other powers hereunder vested, where land within the purview of clause (1) (ii) or (1) (iii) of the first paragraph of this subsection (whether it be predominantly residential or nonresidential in character) is to be redeveloped for predominantly nonresidential uses, loans and advances under this title may be extended therefor if the governing body of the local public agency determines that such redevelopment for predominantly nonresidential uses is necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives and to afford maximum opportunity for the redevelopment of the project area by private enterprise: *Provided*, That loans and outstanding advances to any local public agency pursuant to the authorization of this sentence shall not exceed 2½ per centum of the estimated gross project costs of the projects undertaken under other contracts with such local public agency pursuant to this title.

(d) "Local grants-in-aid" shall mean assistance by a State, municipality, or other public body, or (in the case of cash grants or donations of land or other real property) any other entity, in connection with any project on which a contract for capital grant has been made under this title, in the form of (1) cash grants to defray expenditures within the purview of section 110(e) (1) hereof; (2) donations, at cash value, of land or other real property (exclusive of land in streets, alleys, and other public rights-of-way which may be vacated in connection with the project, or of air rights over streets, alleys, and other

public rights-of-way) in the urban renewal area, and demolition, removal, or other work or improvements in the urban renewal area, at the cost thereof, of the types described in clause (2) and clause (3) of the second sentence of section 110 (c); and (3) the provision, at their cost, of public buildings or other public facilities (other than publicly owned housing and revenue producing public utilities the capital cost of which is wholly financed with local bonds or obligations payable solely out of revenues derived from service charges) which are necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan: *Provided*, That in any case where, in the determination of the [Administrator] *Secretary*, any park, playground, public building, or other public facility is of direct benefit both to the urban renewal area and to other areas, and the approximate degree of the benefit to such other areas is estimated by the [Administrator] *Secretary* at 20 per centum or more of the total benefits, the [Administrator] *Secretary* shall provide that, for the purpose of computing the amount of the local grants-in-aid for the project, there shall be included only such portion of the cost of such facility as the [Administrator] *Secretary* estimates to be proportionate to the approximate degree of the benefit of such facility to the urban renewal area: *And provided further*, That for the purpose of computing the amount of local grants-in-aid under this section 110(d) with respect to any project covered by a Federal-aid contract under this title, the estimated cost (as determined by the [Administrator] *Secretary*) of parks, playgrounds, public buildings, or other public facilities may be deemed to be the actual cost thereof if (i) the construction or provision thereof is not completed at the time of final disposition of land in the project to be acquired and disposed of under the urban renewal plan, and (ii) the [Administrator] *Secretary* has received assurance satisfactory to him that such park, playground, public building, or other public facility will be constructed or completed when needed and within a time prescribed by him: *And provided further*, That in any case where a public facility furnished as a local grant-in-aid is financed in whole or in part by special assessments against real property in the project area acquired by the local public agency as part of the project, an amount equal to the total special assessments against such real property (or, in the case of a computation pursuant to the proviso immediately preceding, the estimated amount of such total special assessments) shall be deducted from the cost of such facility for the purpose of computing the amount of the local grants-in-aid for the project. With respect to any demolition or removal work, improvement or facility for which a State, municipality, or other public body has received or has contracted to receive any grant or subsidy from the United States, or any agency or instrumentality thereof, the portion of the cost thereof defrayed or estimated by the [Administrator] *Secretary* to be defrayed with such subsidy or grant shall not be eligible for inclusion as a local grant-in-aid.

Notwithstanding any other provision of this subsection, no donation or provision of a public improvement or public facility of a type falling within the purview of this subsection shall be deemed to be ineligible as a local grant-in-aid for any project solely on the basis that the construction of such improvement or facility was commenced with-

out notification to the [Administrator] *Secretary* or prior to Federal recognition of such project, if such construction was commenced not more than three years prior to the authorization by the [Administrator] *Secretary* of a contract for loan or capital grant for the project.

Where a project in any municipality includes an area affected by an underground mine fire or by a coal mine subsidence and where it is necessary in such project to remove any underlying coal deposits in order to stabilize the soil or to control the underground mine fire, then any royalties received by the project from the removal and sale of such coal deposits shall be credited to the project as a local grant-in-aid made by such municipality.

(e) "Gross project cost" shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the project (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) the amount of such local grants-in-aid as are furnished in forms other than cash. There may be included as part of the gross project cost, under any contract for loan or grant heretofore or hereafter executed under this title, with respect to moneys of the local public agency which are actually expended and outstanding for undertakings (other than in the form of local grants-in-aid) necessary to carry out the project, in the absence of carrying charges on such moneys, an amount in lieu of carrying charges which might otherwise have been payable thereon for the period such moneys are expended and outstanding but not beyond the point where the project is completed, computed for each six-month period or portion thereof, at an interest rate to be determined by the [Administrator] *Secretary* after taking into consideration for each preceding six-month period the average interest rate borne by any obligations of local public agencies for short-term funds obtained from sources other than the Federal Government in the manner provided in section 102(c) : *Provided*, That such amount may be computed on the net total of all such moneys of the local public agency remaining expended and outstanding, less other moneys received from the project undertaken in excess of project expenditures, in all projects of the local public agency under this title and allocated, as the [Administrator] *Secretary* may determine, to each of such projects. With respect to a project for which a contract for capital grant has been executed on a three-fourths basis pursuant to section 103(a) (2) (C), gross project cost shall include, in lieu of the amount specified in clause (1) above, the amount of the expenditures by the local public agency with respect to the following undertakings and activities necessary to carry out such project :

(i) acquisition of land (but only to the extent of the consideration paid to the owner and not title, appraisal, negotiating, legal, or any other expenditures of the local public agency incidental to acquiring land), disposition of land, staff services in connection with programs of code enforcement and voluntary rehabilitation and repair (including community organization), demolition and removal of buildings and improvements, and site preparation and improvements, all as provided in paragraphs (1), (2), (3), (4), (5), (6), (7), (8), and (9) of subsection (c) ; and

(ii) the payment of carrying charges related to the undertakings in clause (i) (including amounts in lieu of carrying charges

as determined above), exclusive of taxes and payments in lieu of taxes, but not beyond the point where such project is completed; but not the cost of any other undertakings and activities (including, but without being limited to, the cost of surveys and plans, legal services of any kind, and all administrative and overhead expenses of the local public agency) with respect to such project. Where real property in the project area is acquired and is owned as part of the project by the local public agency and such property is not subject to ad valorem taxes by reason of its ownership by the local public agency and payments in lieu of taxes are not made on account of such property, there may (with respect to any project for which a contract of Federal assistance under this title is in force or is hereafter executed, other than a project on which a contract for capital grant is made on a three-fourths basis pursuant to section 103(a)(2)(C)) be included, at the discretion of the [Administrator] *Secretary*, in gross project cost an amount equal to the ad valorem taxes which would have been levied upon such property if it had been subject to ad valorem taxes, but in all cases prorated for the period during which such property is owned by the local public agency as part of the project, and such amount shall also be considered a cash local grant-in-aid within the purview of section 110(d) hereof. Such amount, and the amount of taxes or payments in lieu of taxes included in gross project cost, shall be subject to the approval of the [Administrator] *Secretary* and such rules, regulations, limitations, and conditions as he may prescribe.

Where a project includes the acquisition of property which has been damaged because of the collapse or subsidence of underlying coal mines, or underground mine fires, and the property is to be acquired from an individual, family, business concern, or nonprofit organization which was the owner of such property at the time the damage first occurred, the amount otherwise allowable as the acquisition price of such property may be increased by an amount equal to so much of any diminution in the value of such property as is determined to be reasonably attributable to such damage and to represent an otherwise uncompensated and (but for such acquisition) uncompensable loss actually sustained by such owner.

(f) "Net project cost" shall mean the difference between the gross project cost and the aggregate of (1) the total sales prices of all land or other property sold, and (2) the total capital values (i) imputed, on a basis approved by the [Administrator] *Secretary*, to all land or other property leased, and (ii) used as a basis for determining the amounts to be transferred to the project from other funds of the local public agency to compensate for any land or other property retained by it for use in accordance with the urban renewal plan.

(g) "Going Federal rate" means (with respect to any contract for a loan or advance entered into after the first annual rate has been specified as provided in this sentence) the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (beginning with the six-month period ending December 31, 1953) during which the contract for loan or advance under this title is authorized by the [Administrator] *Secretary*, which applicable rate for each six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity,

on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of fifteen or more years from the first day of such month of May or November, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum. Any contract for a loan or advance, authorized by the **[Administrator]** *Secretary* after the date of enactment of the Housing Act of 1964, shall provide for a single interest rate which shall be applicable also to future amendments of the contract which provide additional funds thereunder, and shall further provide for a periodic revision of the interest rate on the balance outstanding or to be outstanding on such loan or advance based on the going Federal rate on the date of such revision: *Provided*, That any contract for a loan or advance authorized prior to the date of enactment of the Housing Act of 1964 shall be amended (with the first amendment to such contract authorized after the date of enactment of such Act) to provide for such a single interest rate (based on the going Federal rate at the time such amendment is authorized) and for periodic revision thereof.

(h) "Local public agency" means any State, county, municipality, or other governmental entity or public body, or two or more such entities or bodies, authorized to undertake the project for which assistance is sought. "State" includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.

(i) "Land" means any real property, including improved or unimproved land, structures, improvements, easements, incorporeal hereditaments, estates, and other rights in land, legal or equitable.

(j) "**[Administrator]** *Secretary*" means the **[Housing and Home Finance Administrator]** *Secretary of Housing and Urban Development*.

(k) "Federal recognition" means execution of any contract for financial assistance under this title or concurrence by the **[Administrator]** *Secretary* in the commencement, without such assistance, of survey and plans.

DISASTER AREAS

SEC. 111. Where the local governing body certifies, and the **[Administrator]** *Secretary* finds, that an urban area is in need of redevelopment or rehabilitation as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President, pursuant to section 2(a) of the Act entitled "An Act to authorize Federal assistance to State and local governments in major disasters, and for other purposes" (Public Law 875, Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster, the **[Administrator]** *Secretary* is authorized to extend financial assistance under this title for an urban renewal project with respect to such area without regard to the following:

(1) the "workable program" requirement in section 101(c), except that any contract for temporary loan or capital grant pursuant to this section shall obligate the local public agency to

comply with the "workable program" requirement in section 101 (c) by a future date determined to be reasonable by the [Administrator] *Secretary* and specified in such contract;

(2) the requirements in section 105(a) (iii) and section 110(b) (1) that the urban renewal plan conform to a general plan of the locality as a whole and to the workable program referred to in section 101(c);

(3) the "relocation" requirements in section 105(c): *Provided*, That the [Administrator] *Secretary* finds that the local public agency has presented a plan for the encouragement, to the maximum extent feasible, of the provision of dwellings suitable for the needs of families displaced by the catastrophe or by redevelopment or rehabilitation activities;

(4) the "public hearing" requirement in section 105(d);

(5) the requirements in sections 102 and 110 that the urban renewal area be a slum area or a blighted, deteriorated, or deteriorating area; and

(6) the requirements in section 110 with respect to the predominantly residential character or predominantly residential re-use of urban renewal areas.

In the preparation of the urban renewal plan with respect to a project aided under this section, the local public agency shall give due regard to the removal or relocation of dwellings from the site of recurring floods or other recurring catastrophes in the project area.

URBAN RENEWAL AREAS INVOLVING COLLEGES, UNIVERSITIES, OR HOSPITALS

SEC. 112. (a) In any case where an educational institution or a hospital is located in or near an urban renewal project area and the governing body of the locality determines that, in addition to the elimination of slums and blight from such area, the undertaking of an urban renewal project in such area will further promote the public welfare and the proper development of the community (1) by making land in such area available for disposition, for uses in accordance with the urban renewal plan, to such educational institution or hospital for redevelopment in accordance with the use or uses specified in the urban renewal plan, (2) by providing, through the redevelopment of the area in accordance with the urban renewal plan, a cohesive neighborhood environment compatible with the functions and needs of such educational institution or hospital, or (3) by any combination of the foregoing, the [Administrator] *Secretary* is authorized to extend financial assistance under this title for an urban renewal project in such area without regard to the requirements in section 110 hereof with respect to the predominantly residential character or predominantly residential re-use of urban renewal areas. The aggregate expenditures made by any such institution or hospital (directly or through a private redevelopment corporation or municipal or other public corporation) for the acquisition within, adjacent to, or in the immediate vicinity of the project area, of land, buildings, and structures to be redeveloped or rehabilitated by such institution for educational uses or by such hospital for hospital uses in accordance with the urban renewal plan (or with a development plan proposed by such

institution, hospital, or corporation, found acceptable by the [Administrator] *Secretary* after considering the standards specified in section 110(b), and approved under State or local law after public hearing) and for the demolition of such buildings and structures if, pursuant to such urban renewal or development plan, the land is to be cleared and redeveloped, and for the relocation of occupants from buildings and structures to be demolished or rehabilitated, as certified by such institution or hospital to the local public agency and approved by the [Administrator] *Secretary*, shall be a local grant-in-aid in connection with such urban renewal project: *Provided*, That no such expenditure shall be eligible as a local grant-in-aid in any case where the property involved is acquired by such educational institution or hospital from a local public agency which, in connection with its acquisition or disposition of such property, has received, or contracted to receive, a capital grant pursuant to this title.

(b) No expenditure made by any educational institution or hospital, as provided in subsection (a), shall be deemed ineligible as a local grant-in-aid (1) in connection with any urban renewal project if made not more than seven years prior to the authorization by the [Administrator] *Secretary* of a contract for a loan or capital grant for such project, or (2) in connection with any such project for which the [Administrator] *Secretary*, prior to September 25, 1963, has authorized a loan or capital grant contract if made not more than five years prior to the submission of an application for financial assistance under this title for such urban renewal project.

(c) The aggregate expenditures made by any public authority, established by any State, for acquisition, demolition, and relocation in connection with land, buildings, and structures acquired by such public authority and leased to an educational institution for educational uses or to a hospital for hospital uses shall be deemed a local grant-in-aid to the same extent as if such expenditures had been made directly by such educational institution or hospital.

(d) As used in this section—

(1) the term “educational institution” means any educational institution of higher learning, including any public educational institution or any private educational institution, no part of the net earnings of which inures to the benefit of any private shareholder or individual; and

(2) the term “hospital” means any hospital licensed by the State in which such hospital is located, including any public hospital, or any nonprofit hospital, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

REDEVELOPMENT AREAS UNDER THE AREA REDEVELOPMENT ACT

SEC. 113. (a) Whenever the Secretary of Commerce certifies to the [Administrator] *Secretary* (1) that any county, city, or other municipality (in this section referred to as a “municipality”) is situated in an area designated under section 5 of the Area Redevelopment Act as a redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings

the area will be able to achieve more than temporary improvement in its economy, the [Administrator] *Secretary* is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

(b) Subject to the provisions of subsection (e) of this section, the [Administrator] *Secretary* may provide such financial assistance under this section without regard to the requirement or limitations of section 110(c) that the project area be predominantly residential in character or be redeveloped for predominantly residential uses under the urban renewal plan, and without regard to any of the limitations of that section on the undertaking of projects for predominantly non-residential uses.

(c) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or nonprofit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: *Provided*, That any disposition of such land to such public agency or corporation under this section shall be made at its fair value for uses in accordance with the urban renewal plan: *And provided further*, That only the purchaser from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations relating to the commencement of improvements imposed under section 105(b) hereof.

(d) Following the execution of any contract for financial assistance under this section with respect to any project, the [Administrator] *Secretary* may exercise the authority vested in him under this section as well as other provisions of this title for the completion of such projects, notwithstanding any determination made after the execution of such contract that the area in which the project is located is no longer a redevelopment area under the Area Redevelopment Act.

(e) Not more than 10 per centum of the funds authorized for capital grants under section 103 after the date of the enactment of the Area Redevelopment Act shall be used for the purpose of providing financial assistance under this section. Amounts used for such purpose shall not be taken into account for the purpose of the limitation contained in the second proviso of the fifth sentence of section 110(c).

RELOCATION

SEC. 114. (a) Notwithstanding any other provision of this title, an urban renewal project may include the making of payments as prescribed in this section to displaced individuals, families, business concerns, and nonprofit organizations; and any contract for financial assistance under this title shall provide that the capital grant otherwise payable for the project shall be increased by an amount equal to such payments and that no part of the amount of such payments shall be required to be contributed as part of the local grant-in-aid. As used in this section, "displaced" refers to displacement from an urban renewal area made necessary by (1) the acquisition of real property by

a local public agency or by any other public body, (2) code enforcement activities undertaken in connection with an urban renewal project, or (3) a program of voluntary rehabilitation of buildings or other improvements in accordance with an urban renewal plan.

(b) A local public agency may pay to any displaced business concern or nonprofit organization—

(1) its reasonable and necessary moving expenses and any actual direct losses of property except goodwill or profit (which are incurred on and after August 7, 1956, and for which reimbursement or compensation is not otherwise made): *Provided*, That such payment shall not exceed \$3,000 (or, if greater, the total certified actual moving expenses); and

(2) an additional \$2,500 in the case of a private business concern with average annual net earnings of less than \$10,000 per year which (A) was doing business in a location in the urban renewal area on the date of local approval of the urban renewal plan (or of acquisition of real property under the third sentence of section 102(a)); (B) is displaced on or after January 27, 1964, and (C) is not part of an enterprise having establishments outside the urban renewal area.

Notwithstanding the provisions of clause (1) of the preceding sentence, a business concern which is not being displaced from an urban renewal area shall be eligible for payments under such clause (1) of its certified actual moving expenses with respect to its outdoor advertising displays being removed from the urban renewal area in the same manner as though such business concern were being displaced.

(c) (1) A local public agency may pay to any displaced individual or family his or its reasonable and necessary moving expenses and any actual direct losses of property (which are incurred on and after August 7, 1956, and for which reimbursement or compensation is not otherwise made): *Provided*, That such payment shall not exceed \$200: *And provided further*, That the [Administrator] *Secretary* may authorize payment to individuals and families of fixed amounts (not to exceed \$200 in any case) in lieu of their respective reasonable and necessary moving expenses and actual direct losses of property.

(2) A local public agency may pay (in addition to any amount under paragraph (1)), on behalf of any displaced family or any displaced individual sixty-two years of age or over, during the first five months after displacement, a relocation adjustment payment, not to exceed \$500, to assist such displaced individual or family to acquire a decent, safe, and sanitary dwelling. The relocation adjustment payment shall be an amount which, when added to 20 per centum of the annual income of the displaced individual or family at the time of displacement, equals the average rental required, for a 12-month period, for such a decent, safe, and sanitary dwelling of modest standards adequate in size to accommodate the displaced individual or family (in the urban renewal area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities): *Provided*, That such payment shall be made only to an individual or family who is unable to secure a dwelling unit in a low-rent housing project assisted under the United States Housing Act of 1937, or under a State or local program found by the [Administrator] *Secretary* to have the same gen-

eral purposes as the Federal program under such act, or a dwelling unit assisted under section 101 of the Housing and Urban Development Act of 1965: *Provided further*, That payments under this paragraph shall be available only in the case of families, and individuals sixty-two years of age or over, displaced on or after January 27, 1964.

(d) In addition to payments authorized to be made under subsections (b) and (c), a local public agency may pay to any displaced individual, family, business concern, or nonprofit organization reasonable and necessary expenses incurred for (1) recording fees, transfer taxes, and similar expenses incidental to conveying real property to a project assisted under this title, (2) penalty costs for prepayment of any mortgage encumbering such real property, and (3) the pro rata portion of real property taxes allocable to a period subsequent to the date of vesting of title or the effective date of the acquisition of such real property by such agency, whichever is earlier.

(e) The [Administrator] *Secretary* is authorized to establish such rules and regulations as he may deem appropriate in carrying out the provisions of this section and may provide in any contract with a local public agency, or in regulations promulgated by the [Administrator] *Secretary*, that determinations of any duly designated officer or agency as to eligibility for and the amount of relocation assistance authorized by this section shall be final and conclusive for any purposes and not subject to redetermination by any court or any other officer. Such regulations shall include provisions to assure that relocation payments, as authorized by this section, shall be made as promptly as possible to all families, individuals, business concerns, and nonprofit organizations found to be eligible for such payments by reason of their having been displaced from property in the urban renewal area, without regard to any subsequent proceedings, determinations, or events relating to such property which do not bear upon whether such displacement in fact occurred.

REHABILITATION GRANTS

SEC. 115. (a) Notwithstanding any other provision of this title, the [Administrator] *Secretary* may authorize a local public agency to make grants (and the urban renewal project may include the making of such grants) as prescribed in this section. Any such grant may be made only to an individual or family, as described in subsection (b), who owns and occupies a structure in an urban renewal area, and only for the purpose of covering the cost of repairs and improvements necessary to make such structure conform to public standards for decent, safe, and sanitary housing as required by applicable codes or other requirements of the urban renewal plan for the area. Any contract for financial assistance under this title shall provide that the capital grant otherwise payable for the project shall be increased by an amount equal to the total amount of the grants under this section and that no part of the total amount of such grants shall be required to be contributed as part of the local grant-in-aid.

(b) A grant authorized by this section may be made to an individual or family whose income does not exceed \$3,000 a year, and such grant may be in the amount which does not exceed the lesser of (1) the actual (and approved) cost of the repairs and improvements involved, or

(2) \$1,500. In case the income of the individual or family exceeds \$3,000 a year, a grant may be made under this section, subject to the limitations specified in clauses (1) and (2) of the preceding sentence, but only in an amount not to exceed that portion of the cost of the repairs and improvements which cannot be paid for with any available loan that can be amortized as part of such individual's or family's monthly housing expense without requiring such monthly housing expense to exceed 25 per centum of such individual's or family's monthly income.

DEMOLITION

SEC. 116. (a) Notwithstanding any other provision of this title, the [Administrator] *Secretary* is authorized to enter into contracts to make, and to make, grants as provided in this section (payable from any grant funds provided under section 103(b)) to cities, other municipalities, and counties to assist in financing the cost of demolishing structures which under State or local law have been determined to be structurally unsound or unfit for human habitation, and which such city, municipality, or county has authority to demolish. The amount of any grant under this section shall not exceed two-thirds of the cost of the demolition of such structures.

(b) No grant shall be made under this section unless the structures to be demolished are located in an urban renewal area, or, in the case of structures outside an urban renewal area, (1) the locality involved has an approved workable program for community improvement in accordance with the requirements of section 101(c), as determined by the [Administrator] *Secretary*, (2) the demolition to be assisted will be on a planned neighborhood basis and will further the over-all renewal objectives of such locality, (3) there is in such locality a program of enforcement of existing local housing and related codes, (4) the structures to be demolished constitute a public nuisance and a serious hazard to the public health or welfare, and (5) the governing body of such locality has determined that other available legal procedures have been exhausted to secure remedial action by the owner of the structures involved and that demolition by governmental action is required.

CODE ENFORCEMENT

SEC. 117. Notwithstanding any other provision of this title, the [Administrator] *Secretary* is authorized to enter into contracts to make, and to make, grants as provided in this section (payable from any grant funds provided under section 103(b)) to cities, other municipalities, and counties for the purpose of assisting such localities in carrying out programs of concentrated code enforcement in deteriorated or deteriorating areas in which such enforcement, together with those public improvements to be provided by the locality, may be expected to arrest the decline of the area. Such grants shall not exceed two-thirds (or three-fourths in the case of any city, other municipality, or county having a population of 50,000 or less according to the most recent decennial census) of the cost of planning and carrying out such programs which may include the provision and repair of necessary streets, curbs, sidewalks, street lighting, tree planting, and similar improvements within such areas. The [Adminis-

trator] *Secretary* shall not make any grant under this section unless he has obtained adequate assurances (1) that the locality will maintain during the period of the contract, in addition to its expenditures for planning and carrying out any program assisted under this section, a level of expenditures for code enforcement activities at not less than its normal expenditures for such activities prior to the execution of such contract, and (2) that the locality has a satisfactory program for the provision of all necessary public improvements for such areas. The provisions of sections 101(c), 106, 114, and 115 shall be applicable to activities and undertakings assisted under this section to the same extent as if such activities and undertakings were being carried out in an urban renewal area as part of an urban renewal project.

* * * * *

TITLE V—FARM HOUSING

SEC. 501. (a) The Secretary of Agriculture (hereinafter referred to as the “Secretary”) is authorized, subject to the terms and conditions of this title, to extend financial assistance, through the Farmers Home Administration, (1) to owners of farms in the United States and in Puerto Rico and the Virgin Islands, to enable them to construct, improve, alter, repair, or replace dwellings and other farm buildings on their farms, and to purchase [previously occupied] buildings and land constituting a minimum adequate site, in order to provide them, their tenants, lessees, share croppers, and laborers with decent, safe, and sanitary living conditions and adequate farm buildings as specified in this title, and (2) to owners of other real estate in rural areas for the construction, improvement, alteration, or repair of dwellings, related facilities, and farm buildings and to rural residents for such purposes and for the purchase of [previously occupied] buildings and the purchase of land constituting a minimum adequate site, in order to enable them to provide dwelling and related facilities for their own use and buildings adequate for their farming operations, and (3) to elderly persons who are or will be the owners of land in rural areas for the construction, improvement, alteration, or repair of dwellings and related facilities, the purchase of previously occupied dwellings and related facilities, the purchase of [previously occupied] dwellings and quate site, in order to provide them with adequate dwellings and related facilities for their own use.

(b) (1) For the purpose of this title, the term “farm” shall mean a parcel or parcels of land operated as a single unit which is used for the production of one or more agricultural commodities and which customarily produces or is capable of producing such commodities for sale and for home use of a gross annual value of not less than the equivalent of a gross annual value of \$400 in 1944, as determined by the Secretary. The Secretary shall promptly determine whether any parcel or parcels of land constitute a farm for the purposes of this title whenever requested to do so by any interested Federal, State, or local public agency, and his determination shall be conclusive.

(2) For the purposes of this title, the terms “owner”, “farm”, and “mortgage” shall be deemed to include, respectively, the lessee of, the land included in, and other security interest in, any leasehold interest which the Secretary determines has an unexpired term (A) in the case

of a loan, for a period sufficiently beyond the repayment period of the loan to provide adequate security and a reasonable probability of accomplishing the objectives for which the loan is made, and (B) in the case of a grant for a period sufficient to accomplish the objectives for which the grant is made.

(3) For the purposes of this title, the term "elderly persons" means persons who are 62 years of age or over.

(c) In order to be eligible for the assistance authorized by paragraph (a), the applicant must show (1) that he is the owner of a farm which is without a decent, safe, and sanitary dwelling for himself and his family and necessary resident farm labor, or for the family of the operating tenant, lessee, or sharecropper, or without other farm buildings adequate for the type of farming in which he engages or desires to engage, or that he is the owner of other real estate in a rural area or a rural resident without an adequate dwelling or related facilities for his own use or buildings adequate for his farming operations, or that he is an elderly person in a rural area without an adequate dwelling or related facilities for his own use; (2) that he is without sufficient resources to provide the necessary housing and buildings on his own account; and (3) that he is unable to secure the credit necessary for such housing and buildings from other sources upon terms and conditions which he could reasonably be expected to fulfill.

(d) As used in this title (except in sections 503 and 504(b)), the terms "farm," "farm dwelling," and "farm housing" shall include dwellings or other essential buildings of eligible applicants.

LOANS FOR HOUSING AND BUILDINGS ON ADEQUATE FARMS

SEC. 502. (a) If the Secretary determines that an applicant is eligible for assistance as provided in section 501 and that the applicant has the ability to repay in full the sum to be loaned, with interest, giving due consideration to the income and earning capacity of the applicant and his family from the farm and other sources, and the maintenance of a reasonable standard of living for the owner and the occupants of said farm, a loan may be made by the Secretary to said applicant for a period of not to exceed thirty-three years from the making of the loan with interest, in the case of applicants described in clauses (1) and (2) of section 501(a), at a rate not to exceed 5 per centum per annum on the unpaid balance of principal, and, in the case of applicants described in clause (3) of section 501(a) and applicants under sections 503 and 504, at a rate not to exceed 4 per centum per annum on such unpaid balance. Loans made or insured under this title shall be conditioned on the borrower paying such fees and other charges as the Secretary may require. [In cases of applicants who are elderly persons, the] The Secretary may accept the personal liability of any person with adequate repayment ability who will cosign the applicant's note to compensate for any deficiency in the applicant's repayment ability.

(b) The instruments under which the loan is made and the security given shall—

(1) provide for security upon the applicant's equity in the farm or such other security or collateral, if any, as may be found

necessary by the Secretary reasonably to assure repayment of the indebtedness;

(2) provide for the repayment of principal and interest in accordance with schedules and repayment plans prescribed by the Secretary;

(3) contain the agreement of the borrower that he will, at the request of the Secretary, proceed with diligence to refinance the balance of the indebtedness through cooperative or other responsible private credit sources whenever the Secretary determines, in the light of the borrower's circumstances, including his earning capacity and the income from the farm, that he is able to do so upon reasonable terms and conditions;

(4) be in such form and contain such covenants as the Secretary shall prescribe to secure the payment of the loan with interest, protect the security, and assure that the farm will be maintained in repair and that waste and exhaustion of the farm will be prevented.

LOANS FOR HOUSING AND BUILDINGS ON POTENTIALLY ADEQUATE FARMS

SEC. 503. If the Secretary determines (a) that, because of the inadequacy of the income of an eligible applicant from the farm to be improved and from other sources, said applicant may not reasonably be expected to make annual repayments of principal and interest in an amount sufficient to repay the loan in full within the period of time prescribed by the Secretary as authorized in this title; (b) that the income of the applicant may be sufficiently increased within a period of not to exceed five years by improvement or enlargement of the farm or an adjustment of the farm practices or methods; and (c) that the applicant has adopted and may reasonably be expected to put into effect a plan of farm improvement, enlargement, or adjusted practices or production which, in the opinion of the Secretary, will increase the applicant's income from said farm within a period of not to exceed five years to the extent that the applicant may be expected thereafter to make annual repayments of principal and interest sufficient to repay the balance of the indebtedness less payments in cash and credits for the contributions to be made by the Secretary as hereinafter provided, the Secretary may make a loan in an amount necessary to provide adequate farm dwellings and buildings on said farm under the terms and conditions prescribed in section 502. In addition, the Secretary may agree with the borrower to make annual contributions during the said five-year period in the form of credits on the borrower's indebtedness in an amount not to exceed the annual installment of interest and 50 per centum of the principal payments accruing during any installment year up to and including the fifth installment year, subject to the conditions that the borrower's income is, in fact, insufficient to enable the borrower to make payments in accordance with the plan or schedule prescribed by the Secretary and that the borrower pursues his plan of farm reorganization and improvements or enlargement with due diligence.

This agreement with respect to credits or principal and interest upon the borrower's indebtedness shall not be assignable nor accrue

to the benefit of any third party without the written consent of the Secretary and the Secretary shall have the right, at his option, to cancel the agreement upon the sale of the farm or the execution or creation of any lien thereon subsequent to the lien given to the Secretary, or to refuse to release the lien given to the Secretary except upon payment in cash of the entire original principal plus accrued interest thereon less actual cash payments of principal and interest when the Secretary determines that the release of the lien would permit the benefits of this section to accrue to a person not eligible to receive such benefits.

OTHER SPECIAL LOANS AND GRANTS FOR MINOR IMPROVEMENTS
TO FARM HOUSING AND BUILDINGS

SEC. 504. (a) In the event the Secretary determines that an eligible applicant cannot qualify for a loan under the provisions of sections 502 and 503 and that repairs or improvements should be made to a farm dwelling occupied by him, in order to make such dwelling safe and sanitary and remove hazards to the health of the occupant, his family, or the community, and that repairs should be made to farm buildings in order to remove hazards and make such buildings safe, the Secretary may make a grant or a combined loan and grant, to the applicant to cover the cost of improvements or additions, such as repairing roofs, providing toilet facilities, providing a convenient and sanitary water supply, supplying screens, repairing or providing structural supports, or making other similar repairs or improvements. No assistance shall be extended to any one individual under this subsection in the form of a loan, grant or combined loan and grant in excess of **[\$1,000]** \$1,500. Any portion of the sums advanced to the borrower treated as a loan shall be secured and be repayable in accordance with the principles and conditions set forth in this title. Sums made available by grant may be made subject to the conditions set out in this title for the protection of the Government with respect to contributions made on loans by the Secretary.

(b) In order to encourage adequate family-size farms the Secretary may make loans under this section and section 503 to any applicant whose farm needs enlargement or development in order to provide income sufficient to support decent, safe, and sanitary housing and other farm buildings, and may use the funds made available under clause (b) of section 513 for such purposes.

MORATORIUM ON PAYMENTS UNDER LOANS

SEC. 505. During any time that any such loan is outstanding, the Secretary is authorized under regulations to be prescribed by him to grant a moratorium upon the payment of interest and principal on such loan for so long a period as he deems necessary, upon a showing by the borrower that due to circumstances beyond his control, he is unable to continue making payments of such principal and interest when due without unduly impairing his standard of living. In cases of extreme hardship under the foregoing circumstances, the Secretary is further authorized to cancel interest due and payable on such loans during the moratorium. Should any foreclosure of such a mortgage

securing such a loan upon which a moratorium has been granted occur, no deficiency judgment shall be taken against the mortgagor if he shall have faithfully tried to meet his obligation.

TECHNICAL SERVICES AND RESEARCH

SEC. 506. (a) In connection with financial assistance authorized in this title the Secretary shall require that all new buildings and repairs financed under this title shall be substantially constructed and in accordance with such building plans and specifications as may be required by the Secretary. Buildings and repairs constructed with funds advanced pursuant to this title shall be supervised and inspected, as may be required by the Secretary, by competent employees of the Secretary. In addition to the financial assistance authorized in this title the Secretary is authorized to furnish, through such agencies as he may determine, to any person, including a person eligible for financial assistance under this title, without charge or at such charges as the Secretary may determine, technical services such as building plans, specifications, construction supervision and inspection, and advice and information regarding farm dwellings and other buildings.

(b) The Secretary is further authorized to conduct research and technical studies including the development, demonstration, and promotion of construction of adequate farm dwellings and other buildings for the purpose of stimulating construction, improving the architectural design and utility of such dwellings and buildings, and utilizing new and native materials, economies in materials and construction methods, and new methods of production, distribution, assembly, and construction, with a view to reducing the cost of farm dwellings and buildings and adapting and developing fixtures and appurtenances for more efficient and economical farm use.

(c) The Secretary is further authorized to carry out a program of research, study, and analysis of farm housing in the United States to develop data and information on—

- (1) the adequacy of existing farm housing;
- (2) the nature and extent of current and prospective needs for farm housing, including needs for financing and for improved design, utility, and comfort, and the best methods of satisfying such needs;
- (3) problems faced by farmers and other persons eligible under section 501 in purchasing, constructing, improving, altering, repairing, and replacing farm housing;
- (4) the interrelation of farm housing problems and the problems of housing in urban and suburban areas; and
- (5) any other matters bearing upon the provision of adequate farm housing.

(d) To the extent determined by him to be advisable, the Secretary may carry out the research and study programs authorized by subsections (b) and (c) through grants made by him on such terms, conditions, and standards as he may prescribe to land-grant colleges established pursuant to the Act of July 2, 1862 (7 U.S.C. 301-308) or through such other agencies as he may select.

(e) The Secretary of Agriculture shall prepare and submit to the President and to the Congress estimates of national farm housing needs

and reports with respect to the progress being made toward meeting such needs, and correlate and recommend proposals for such executive action or legislation necessary or desirable for the furtherance of the national housing objective and policy established by this Act with respect to farm housing, together with such other reports or information as may be required of the Secretary by the President or the Congress.

PREFERENCE FOR VETERANS AND FAMILIES OF DECEASED SERVICEMEN

SEC. 507. As between eligible applicants seeking assistance under sections 501 to 504, inclusive, the Secretary shall give preference to veterans and the families of deceased servicemen. As used herein, a "veteran" shall mean a person who served in the military forces of the United States during any war between the United States and any other nation or during the period beginning June 27, 1950, and ending on such date as shall be determined by Presidential proclamation or concurrent resolution of Congress and who was discharged or released therefrom on conditions other than dishonorable. "Deceased servicemen" shall mean persons who served in the military forces of the United States during any war between the United States and any other nation or during the period beginning June 27, 1950, and ending on such date as shall be determined by Presidential proclamation or concurrent resolution of Congress and who died in service before the termination of such war or such period.

LOCAL COMMITTEES TO ASSIST SECRETARY

SEC. 508. (a) For the purposes of this subsection and subsection (b) of this section, the Secretary may use the services of any existing committee of farmers operating (pursuant to laws or regulations carried out by the Department of Agriculture) in any county or parish in which activities are carried on under this title. In any county or parish in which activities are carried on under this title and in which no existing satisfactory committee is available, the Secretary is authorized to appoint a committee composed of three persons residing in the county or parish. Each member of such existing or new appointed committee shall be allowed compensation at the rate determined by the Secretary while engaged in the performance of duties under this title and, in addition, shall be allowed such amounts as the Secretary may prescribe for necessary traveling and subsistence expenses. One member of the committee shall be designated by the Secretary as chairman. The Secretary shall prescribe rules governing the procedures of the committees, furnish forms and equipment necessary for the performance of their duties, and authorize and provide for the compensation of such clerical assistance as he deems may be required by any committee.

(b) The committees utilized or appointed pursuant to this section shall examine applications of persons desiring to obtain the benefits of this title and shall submit recommendations to the Secretary with respect to each applicant as to whether the applicant is eligible to receive the benefits of this title, whether by reason of his character, ability, and experience, he is likely successfully to carry out under-

takings required of him under a loan or grant under this title, and whether the farm with respect to which the application is made is of such character that there is a reasonable likelihood that the making of the loan or grant requested will carry out the purposes of this title. The committees shall also certify to the Secretary as to the amount of the loan or grant. The committees shall, in addition, perform such other duties under this title as the Secretary may require.

GENERAL POWERS OF SECRETARY

SEC. 509. (a) The Secretary, for the purposes of this title, shall have the power to determine and prescribe the standards of adequate farm housing and other buildings, by farms or localities, taking into consideration, among other factors, the type of housing which will provide decent, safe, and sanitary dwelling for the needs of the family using the housing, the type and character of the farming operations to be conducted, and the size and earning capacity of the land.

(b) The Secretary may require any recipient of a loan or grant to agree that the availability of improvements constructed or repaired with the proceeds of the loan or grant under this title shall not be a justification for directly or indirectly changing the terms or conditions of the lease or occupancy agreement with the occupants of such farms to the latter's disadvantage without the approval of the Secretary.

ADMINISTRATIVE PROVISIONS

SEC. 510. In carrying out the provisions of this title, the Secretary shall have the power to—

(a) make contracts for services and supplies without regard to the provisions of section 3709 of the Revised Statutes, as amended, when the aggregate amount involved is less than \$300;

(b) enter into subordination, subrogation, or other agreements satisfactory to the Secretary;

(c) compromise claims and obligations arising out of sections 502 to 505, inclusive, of this title and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into as circumstances may require, including the release from personal liability, without payments of further consideration, of—

(1) borrowers who have transferred their farms to other approved applicants for loans who have agreed to assume the outstanding indebtedness to the Secretary under this title; and

(2) borrowers who have transferred their farms to other approved applicants for loans who have agreed to assume that portion of the outstanding indebtedness to the Secretary under this title which is equal to the earning capacity value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the Secretary determines that the original borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

(d) collect all claims and obligations arising out of or under any mortgage, lease, contract, or agreement entered into pursuant to this title and, if in his judgment necessary and advisable, to pursue the same to final collection in any court having jurisdiction: *Provided*, That the prosecution and defense of all litigation under this title shall be conducted under the supervision of the Attorney General and the legal representation shall be by the United States attorneys for the districts, respectively, in which such litigation may arise and by such other attorney or attorneys as may, under law, be designated by the Attorney General;

(e) bid for and purchase at any foreclosure or other sale or otherwise to acquire the property pledged or mortgaged to secure a loan or other indebtedness owing under this title, to accept title to any property so purchased or acquired, to operate or lease such property for such period as may be necessary or advisable, to protect the interest of the United States therein and to sell or otherwise dispose of the property so purchased or acquired by such terms and for such considerations as the Secretary shall determine to be reasonable and to make loans as provided herein to provide adequate farm dwellings and buildings for the purchasers of such property;

(f) utilize with respect to the indebtedness arising from loans and payments made under this title, all the powers and authorities given to him under the Act approved December 20, 1944, entitled "An Act to authorize the Secretary of Agriculture to compromise, adjust, or cancel certain indebtedness, and for other purposes" (58 Stat. 836), as such Act now provides or may hereafter be amended;

(g) make such rules and regulations as he deems necessary to carry out the purposes of this title.

LOAN FUNDS

SEC. 511. The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury for the purpose of making direct loans under this title. The total principal amount of such notes and obligations issued pursuant to this section during the period beginning July 1, 1956, and ending October 1, 1969, shall not exceed \$850,000,000. The notes and obligations issued by the Secretary shall be secured by the obligations of borrowers and the Secretary's commitments to make contributions under this title and shall be repaid from the payment of principal and interest on the obligations of the borrowers and from funds appropriated hereunder. The notes and other obligations issued by the Secretary shall be in such forms and denominations, shall have such maturities, and shall be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Each such note or other obligation shall bear interest at the average rate, as determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which such note or other obligation is issued, which are neither due nor callable for redemption for 15 years from their date of issue. The Secretary of the Treasury is authorized and directed

to purchase any notes and other obligations of the Secretary issued hereunder and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act are extended to include any purchases of such obligations. The Secretary of the Treasury may at any time sell any of the notes or obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or obligations shall be treated as public debt transactions of the United States.

CONTRIBUTIONS

SEC. 512. In connection with loans made pursuant to section 503, the Secretary is authorized to make commitments for contributions aggregating not to exceed \$10,000,000 during the period beginning July 1, 1956, and ending October 1, 1969.

SEC. 513. There is hereby authorized to be appropriated to the Secretary (a) such sums as may be necessary to meet payments on notes or other obligations issued by the Secretary under section 511 equal to (i) the aggregate of the contributions made by the Secretary in the form of credits on principal due on loans made pursuant to section 503, and (ii) the interest due on a similar sum represented by notes or other obligations issued by the Secretary; (b) not to exceed \$50,000,000 for grants pursuant to section 504(a) and loans pursuant to section 504(b) during the period beginning July 1, 1956, and ending October 1, 1969; (c) not to exceed \$50,000,000 for financial assistance pursuant to section 516 for the period ending October 1, 1969; (d) not to exceed \$250,000 per year for research and study programs pursuant to subsections (b), (c), and (d) of section 506 during the period beginning July 1, 1961, and ending October 1, 1969; and (e) such further sums as may be necessary to enable the Secretary to carry out the provisions of this title.

INSURANCE OF LOANS FOR THE PROVISION OF HOUSING AND RELATED FACILITIES FOR DOMESTIC FARM LABOR

SEC. 514. (a) The Secretary is authorized to insure and make commitments to insure loans made by lenders other than the United States to the owner of any farm, any association of farmers, any State or political subdivision thereof, or any public or private nonprofit organization for the purpose of providing housing and related facilities for domestic farm labor in accordance with terms and conditions substantially identical with those specified in section 502; except that—

(1) no such loan shall be insured in an amount in excess of the value of the farm involved less any prior liens in the case of a loan to an individual owner of a farm, or the total estimated value of the structures and facilities with respect to which the loan is made in the case of any other loan;

(2) no such loan shall be insured if it bears interest at a rate in excess of 5 per centum per annum;

(3) out of interest payments by the borrower the Secretary shall retain a charge in an amount not less than one-half of 1 per

centum per annum of the unpaid principal balance of the loan;

(4) the insurance contracts and agreements with respect to any loan may contain provisions for servicing the loan by the Secretary or by the lender, and for the purchase by the Secretary of the loan if it is not in default, on such terms and conditions as the Secretary may prescribe; and

(5) the Secretary may take mortgages creating a lien running to the United States for the benefit of the insurance fund referred to in subsection (b) notwithstanding the fact that the note may be held by the lender or his assignee.

(b) The Secretary shall utilize the insurance fund created by section 11 of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1005a) and the provisions of section 13 (a), (b), and (c) of such Act (7 U.S.C. 1005c (a), (b), and (c)) to discharge obligations under insurance contracts made pursuant to this section, and

(1) the Secretary may utilize the insurance fund to pay taxes, insurance, prior liens, and other expenses to protect the security for loans which have been insured hereunder and to acquire such security property at foreclosure sale or otherwise;

(2) the notes and security therefor acquired by the Secretary under insurance contracts made pursuant to this section shall become a part of the insurance fund. Loans insured under this section may be held in the fund and collected in accordance with their terms or may be sold and reinsured. All proceeds from such collections, including the liquidation of security and the proceeds of sales, shall become a part of the insurance fund; and

(3) of the charges retained by the Secretary out of interest payments by the borrower, amounts not less than one-half of 1 per centum per annum of the unpaid principal balance of the loan shall be deposited in and become a part of the insurance fund. The remainder of such charges shall be deposited in the Treasury of the United States and shall be available for administrative expenses of the Farmers Home Administration, to be transferred annually to and become merged with any appropriation for such expenses.

(c) Any contract of insurance executed by the Secretary under this section shall be an obligation of the United States and incontestable except for fraud or misrepresentation of which the holder of the contract has actual knowledge.

(d) The aggregate amount of the principal obligations of the loans insured under this section shall not exceed \$25,000,000 in any one fiscal year.

(e) Amounts made available pursuant to section 513 of this Act shall be available for administrative expenses incurred under this section.

(f) As used in this section—

(1) the term "housing" means (A) new structures suitable for dwelling use by domestic farm labor, and (B) existing structures which can be made suitable for dwelling use by domestic farm labor by rehabilitation, alteration, conversion, or improvement; and

(2) the term "related facilities" means (A) new structures suitable for use as dining halls, community rooms or buildings,

or infirmaries, or for other essential services facilities, and (B) existing structures which can be made suitable for the above uses by rehabilitation, alteration, conversion, or improvement; and

(3) the term "domestic farm labor" means persons who receive a substantial portion (as determined by the Secretary) of their income as laborers on farms situated in the United States and either (A) are citizens of the United States or (B) reside in the United States after being legally admitted for permanent residence therein.

* * *

**DIRECT AND INSURED LOANS TO PROVIDE HOUSING AND RELATED FACILITIES
FOR ELDERLY PERSONS AND FAMILIES IN RURAL AREAS**

SEC. 515. (a) The Secretary is authorized to make loans to private nonprofit corporations and consumer cooperatives to provide rental housing and related facilities for elderly persons and elderly families of low or moderate income *or other persons and families of low income* in rural areas, in accordance with terms and conditions substantially identical with those specified in section 502; except that—

(1) no such loan shall exceed the development cost or the value of the security, whichever is less;

(2) such loans shall bear interest at rates determined by the Secretary, not to exceed the maximum rate provided in section 202(a) (3) of the Housing Act of 1959; and

(3) such a loan may be made for a period of up to fifty years from the making of the loan.

There is authorized to be appropriated not to exceed \$50,000,000, which shall constitute a revolving fund to be used by the Secretary in carrying out this subsection.

(b) The Secretary is authorized to insure and make commitments to insure loans made to any individual, corporation, association, trust, or partnership to provide rental housing and related facilities for elderly persons and elderly families in rural areas, in accordance with terms and conditions substantially identical with those specified in section 502; except that—

(1) no such loan shall exceed \$300,000 or the development cost or the value of the security, whichever is least;

(2) such loans shall bear interest at rates determined by the Secretary, not to exceed the maximum rate provided in section 202(b) (5) of the National Housing Act;

(3) provide for complete amortization by periodic payments within such term as the Secretary may prescribe;

(4) for insuring such loans, the Secretary shall utilize the Agricultural Credit Insurance Fund subject to all the provisions of section 309 and the second and third sentences of section 308 of the Consolidated Farmers Home Administration Act of 1961, including the authority in section 309(f) (1) of that Act to utilize the insurance fund to make, sell, and insure loans which could be insured under this subsection; but the aggregate of the principal amounts of such loans made by the Secretary and not disposed of shall not exceed \$10,000,000 outstanding at any one time; and the

Secretary may take liens running to the United States though the notes may be held by other lenders; and

(5) no loan shall be insured under this subsection after October 1, 1969.

(c) No loan shall be made or insured under subsection (a) or (b) unless the Secretary finds that the construction involved will be undertaken in an economical manner and will not be of elaborate or extravagant design or materials.

(d) As used in this section—

(1) the term “housing” means new or existing housing suitable for dwelling use by [elderly persons or elderly families] *occupants eligible under this section*;

(2) the term “related facilities” includes cafeterias or dining halls, community rooms or buildings, appropriate recreation facilities, and other essential service facilities;

(3) the term “elderly persons” means persons who are 62 years of age or over; and the term “elderly families” means families the head of which (or his spouse) is 62 years of age or over; and

(4) the term “development cost” means the costs of constructing, purchasing, improving, altering, or repairing new or existing housing and related facilities and purchasing and improving the necessary land, including necessary and appropriate fees and charges approved by the Secretary.

(e) Amounts made available pursuant to section 513 of this Act shall be available for administrative expenses incurred under this section.

FINANCIAL ASSISTANCE TO PROVIDE LOW-RENT HOUSING FOR DOMESTIC FARM LABOR

SEC. 516. (a) Upon the application of any State or political subdivision thereof, or any public or private nonprofit organization, the Secretary is authorized to provide financial assistance for the provision of low-rent housing and related facilities for domestic farm labor, if he finds that—

(1) the housing and related facilities for which financial assistance is requested will fulfill a pressing need in the area in which such housing and facilities will be located, and there is reasonable doubt that the same can be provided without financial assistance under this section;

(2) the applicant will contribute, from its own resources or from funds borrowed under section 514 or elsewhere, at least one-third of the total development cost;

(3) the types of housing and related facilities to be provided are most practical, giving due consideration to the purposes to be served thereby and the needs of the occupants thereof; and

(4) the construction will be undertaken in an economical manner, and the housing and related facilities will not be of elaborate or extravagant design or material.

(b) The amount of any financial assistance provided under this section for low-rent housing and related facilities shall not exceed two-thirds of the total development cost thereof, as determined by the Secretary, less such amount as the Secretary determines can be prac-

tically obtained from other sources (including a loan under section 514).

(c) No financial assistance for low-rent housing and related facilities shall be made available under this section unless, to any extent and for any periods required by the Secretary, the applicant agrees—

(1) that the rentals charged domestic farm labor shall not exceed such amounts as may be approved by the Secretary, giving due consideration to the income and earning capacity of the tenants, and the necessary costs of operating and maintaining such housing;

(2) that such housing shall be maintained at all times in a safe and sanitary condition in accordance with such standards as may be prescribed by State or local law, or, in the absence of such standards, in accordance with such minimum requirements as the Secretary shall prescribe; and

(3) an absolute priority will be given at all times in granting occupancy of such housing and facilities to domestic farm labor.

(d) The Secretary may make payments pursuant to any contract for financial assistance under this section at such times and in such manner as may be specified in the contract. In each contract, the Secretary shall include such covenants, conditions, or provisions as he deems necessary to insure that the housing and related facilities, for which financial assistance is made available, be used only in conformity with the provisions of this section.

(e) The Secretary shall prescribe regulations to insure that Federal funds expended under this section are not wasted or dissipated.

(f) All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary which are undertaken by approved applicants under this section shall be paid wages at rates not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). The Secretary shall not extend any financial assistance under this section for any project without first obtaining adequate assurance that these labor standards will be maintained on the construction work; except that compliance with such standards may be waived by the Secretary in cases or classes of cases where laborers or mechanics, not otherwise employed at any time on the project, voluntarily donate their services without compensation for the purpose of lowering the costs of construction and the Secretary determines that any amounts thereby saved are fully credited to the person, corporation, association, organization, or other entity undertaking the project. The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

(g) As used in this section—

(1) the term “low-rent housing” means rental housing within the financial reach of families of low income consisting of (A) new structures suitable for dwelling use by domestic farm labor, and (B) existing structures which can be made suitable for dwelling use by domestic farm labor by rehabilitation, alteration, conversion, or improvement;

- (2) the terms "related facilities" and "domestic farm labor" shall have the meaning assigned to them in section 514(f); and
- (3) the term "development cost" shall have the meaning assigned to it in section 515(d)(4).

INSURED RURAL HOUSING LOANS

SEC. 517. (a) The Secretary may insure loans meeting the requirements of section 502, and may make loans in accordance with the requirements of such section to be sold and insured; except that such loans shall—

(1) if the borrowers are persons of low or moderate income (as defined by the Secretary), (A) not exceed amounts necessary to provide adequate housing, modest in size, design, and cost (as determined by the Secretary), (B) bear interest at a rate not to exceed 5 per centum per annum, and (C) not exceed in the aggregate \$300,000,000 of new loans made or insured in any one fiscal year; and

(2) if the borrowers are persons other than those described in clause (1), bear interest and provide for insurance or service charges at rates comparable to the combined rate of interest and premium charges in effect under section 203 of the National Housing Act, as determined by the Secretary.

(b) The Secretary may insure loans in accordance with the requirements of sections 514 (exclusive of subsections (a)(3), (a)(5), and (b)) and 515 (exclusive of subsections (a) and (b)(4)), and may make loans meeting such requirements to be sold and insured. Upon the expiration of ninety days after the original capitalization of the Rural Housing Insurance Fund, created by subsection (e) of this section, no new loans shall be made or insured under section 514 or 515(b), except in conformity with this section.

(c) The Secretary may use the Rural Housing Insurance Fund for the purpose of making loans to be sold and insured under this section, but the aggregate of such loans which are held by the Secretary at any one time shall not exceed \$100,000,000.

(d) The Secretary may, in conformity with subsections (a) and (b), insure the payment of principal and interest as it becomes due on loans made by lenders other than the United States, and on loans made from the Rural Housing Insurance Fund which are sold by the Secretary. Any contract of insurance executed by the Secretary hereunder shall be an obligation supported by the full faith and credit of the United States, and shall be incontestable except for fraud or material misrepresentation of which the holder has actual knowledge. In connection with loans insured under this section, the Secretary may take liens running to the United States notwithstanding the fact that the notes evidencing such loans may be held by lenders other than the United States. Notes evidencing such loans shall be freely assignable, but the Secretary shall not be bound by any such assignment until notice thereof is given to and acknowledged by him.

(e) There is hereby created the Rural Housing Insurance Fund (hereinafter referred to as the "Fund") which shall be used by the Secretary as a revolving fund for carrying out the provisions of this

section. There are authorized to be appropriated to the Secretary such sums as may be necessary for the purposes of the Fund.

(f) Money in the Fund not needed for current operations shall be invested in direct obligations of the United States or obligations guaranteed by the United States.

(g) All funds, claims, notes, mortgages, contracts, and property acquired by the Secretary under this section, and all collections and proceeds therefrom, shall constitute assets of the Fund; and all liabilities and obligations of such assets shall be liabilities and obligations of the Fund. Loans may be held in the Fund and collected in accordance with their terms or may be sold by the Secretary with or without agreements for insurance thereof. The Secretary is authorized to make agreements with respect to servicing loans held or insured by him under this section and purchasing such insured loans on such terms and conditions as he may prescribe.

(h) The Secretary is authorized to issue notes to the Secretary of the Treasury to obtain funds necessary for discharging obligations under this section and for authorized expenditures out of the Fund, but, except as may be authorized in appropriation Acts, not for the original or any additional capital of the Fund. Such notes shall be in such form and denominations and have such maturities and be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Each note shall bear interest at the average rate, as determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which such note is issued, which are neither due nor callable for redemption for fifteen years from their date of issue. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and for that purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act are extended to include purchases of notes issued by the Secretary. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States. The notes issued by the Secretary to the Secretary of the Treasury shall constitute obligations of the Fund.

(i) The Secretary may retain out of interest payments by the borrower an annual charge in an amount specified in the insurance or sale agreement applicable to the loan. Of the charges retained by the Secretary, if any, not to exceed 1 per centum per annum of the unpaid balance of the loan shall be deposited in the Fund. Any retained charges not deposited in the Fund shall be available for administrative expenses in carrying out the provisions of this title, to be transferred annually, and become merged with any appropriation for administrative expenses of the Farmers Home Administration, when and in such amounts as may be authorized in appropriation Acts.

(j) The Secretary may also utilize the Fund—

(1) to pay amounts to which the holder of the note is entitled in accordance with an insurance or sale agreement under

this section accruing between the date of any prepayment by the borrower to the Secretary and the date of transmittal of any such prepayments to the holder of the note; and in the discretion of the Secretary, prepayments other than final payments need not be remitted to the holder until due;

(2) to pay the holder of any note insured under this section any defaulted installment or, upon assignment of the note to the Secretary at the Secretary's request, or pursuant to a purchase agreement, the entire balance outstanding on the note; and

(3) to pay taxes, insurance, prior liens, expenses necessary to make fiscal adjustments in connection with the application and transmittal of collections, and other expenses and advances to protect the security for loans which are insured under this section or held in the Fund, and to acquire such security property at foreclosure sale or otherwise.

RURAL HOUSING DIRECT LOAN ACCOUNT

SEC. 518. (a) There is hereby created the Rural Housing Direct Loan Account (hereinafter referred to as the "Account") which shall be used by the Secretary for carrying out the provisions of this section. There are authorized to be appropriated to the Secretary such sums as may be necessary for the purposes of the Account.

(b) There are transferred to the Account (1) all funds, claims, notes, mortgages, contracts, and property, and all collections and proceeds therefrom, held by the Secretary under the direct loan provisions of this title, including those securing notes issued by the Secretary to the Secretary of the Treasury under section 511 and any unexpended balance of amounts borrowed upon such notes, and (2) all unexpended balances of appropriations for direct loans under this title, including the fund authorized by section 515(a). All amounts hereafter borrowed by the Secretary from the Secretary of the Treasury under section 511 shall be deposited in the Account. All collections and proceeds from assets acquired by the Account shall be deposited in the Account.

(c) When and in such amounts as may be authorized in appropriation Acts, the Secretary may issue notes to the Secretary of the Treasury to obtain funds to be deposited in the Account. The form, denominations, maturities, and other terms and conditions of such notes shall be prescribed by the Secretary with the approval of the Secretary of the Treasury. Each note shall bear interest at the average rate determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which such note is issued, which are neither due nor callable for redemption for fifteen years from their date of issue. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and for that purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act are extended to include the purchase of notes issued by the Secretary. All redemptions, pur-

chases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States.

(d) The Account shall remain available to the Secretary for the payment of interest and principal on notes issued by the Secretary to the Secretary of the Treasury under section 511 or this section, and for direct loans and related advances under this title in such amounts as are now authorized by law and in such further amounts as shall be authorized in appropriation Acts. Amounts so authorized for such loans and advances shall remain available until expended.

SUMS EXCESS TO THE NEEDS OF THE RURAL HOUSING INSURANCE FUND OR THE RURAL HOUSING DIRECT LOAN ACCOUNT

SEC. 519. Any sums in the Rural Housing Insurance Fund or the Rural Housing Direct Loan Account which the Secretary determines are in excess of amounts needed to meet the obligations and carry out the purposes of such Fund or Account shall be returned to miscellaneous receipts of the Treasury.

DEFINITION OF RURAL AREA

SEC. 520. As used in this title, the terms "rural" and "rural area" mean any open country, or any place, town, village, or city which is not part of or associated with an urban area and which (1) has a population not in excess of 2,500 inhabitants, or (2) has a population in excess of 2,500 but not in excess of 5,500 if it is rural in character.

* * *

TITLE VI—MISCELLANEOUS PROVISIONS

ADVISORY COMMITTEES

SEC. 601. The [Housing and Home Finance Administrator and the head of each constituent agency of the Housing and Home Finance Agency] *Secretary of Housing and Urban Development* is hereby authorized to establish such advisory committee or committees as [each] he may deem necessary in carrying out any of his functions, powers and duties under this or any other Act or authorization. Persons serving without compensation as members of any such committee may be paid transportation expenses and not to exceed \$25 per diem in lieu of subsistence, as authorized by section 5 of the Act of August 2, 1946 (5 U.S.C. 73b-2).

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[DEPUTY HOUSING AND HOME FINANCE ADMINISTRATOR]

[SEC. 605. The Housing and Home Finance Administrator shall appoint a Deputy Housing and Home Finance Administrator, and the basic rate of compensation of such position shall be the same as the basic rate of compensation established for the heads of the constituent agencies of the Housing and Home Finance Agency. The Deputy Administrator shall act as Administrator during the absence or dis-

ability of the Administrator or in the event of a vacancy in that office, and shall perform such other duties as the Administrator shall direct.】

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GENERAL PROVISIONS

SEC. 612. No part of any appropriation, loan, fund, or expenditure authorized by or provided pursuant to this Act, shall be used directly or indirectly to pay the salary or wages of any officer or employee of the [Housing and Home Finance Agency] *Department of Housing and Urban Development* or the Department of Agriculture who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the officer or employee making the affidavit has not contrary to the provisions of this section engaged in a strike against the Government of the United States, is not a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or that such officer or employee does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts an office or employment in the [Housing and Home Finance Agency] *Department of Housing and Urban Development* or the Department of Agriculture the salary or wages for which are paid from any appropriation, loan, fund, or expenditure authorized by or provided pursuant to this Act shall be guilty of a felony and, upon conviction, shall be fined not more than \$1,000 or imprisoned for not more than one year, or both: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

HOUSING ACT OF 1950

[Public Law 475, 81st Congress, 64 Stat. 48, 77, 12 U.S.C. 1749]

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TITLE IV—HOUSING FOR EDUCATIONAL INSTITUTIONS

FEDERAL LOANS

SEC. 401. (a) To assist educational institutions in providing housing and other educational facilities for students and faculties, the [Administrator] *Secretary* may make loans of funds to such institutions for the construction of such facilities: *Provided*, That (1) no

such loan shall be made unless the educational institution shows that it is unable to secure the necessary funds for such construction from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this title, and (2) no such loan shall be made unless the **[Administrator]** *Secretary* finds that the construction will be undertaken in an economical manner, and that it will not be of elaborate or extravagant design or materials.

(b) Any educational institution which, prior to the date of enactment of this Act, has contracted for housing or other educational facilities may, in connection therewith, receive loans authorized under this title, as the **[Administrator]** *Secretary* may determine: *Provided*, That no such loan shall be made for any housing or other educational facilities, the construction of which was begun prior to the effective date of this Act, or completed prior to the filing of an application under this title.

(c) A loan to an educational institution may be in an amount not exceeding the total development cost of the facility, as determined by the **[Administrator]** *Secretary*; shall be secured in such manner and be repaid within such period, not exceeding fifty years, as may be determined by him; and with respect to loan contracts under which loan funds have not been fully disbursed prior to the date of enactment of the College Housing Amendments of 1955 shall bear interest at a rate determined by the **[Administrator]** *Secretary* which shall be not more than the lower of (1) 3 per centum per annum, or (2) the total of one-quarter of 1 per centum per annum added to the rate of interest paid by the **[Administrator]** *Secretary* on funds obtained from the Secretary of the Treasury as provided in subsection (e) of this section.

(d) To obtain funds for loans under subsection (a) of this section, the **[Administrator]** *Secretary* may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$1,675,000,000, which amount shall be increased by \$300,000,000 on July 1 in each of the years 1961 through 1968: *Provided*, That the amount outstanding for other educational facilities, as defined herein, shall not exceed \$175,000,000, which limit shall be increased by \$30,000,000 on July 1 in each of the years 1961 through 1968: *Provided further*, That the amount outstanding for hospitals, referred to in clause (2) of section 404(b) of this title, shall not exceed \$100,000,000, which limit shall be increased by \$30,000,000 on July 1 in each of the years 1961 through 1968.

(e) Notes or other obligations issued by the **[Administrator]** *Secretary* under this title shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the **[Administrator]** *Secretary*, with the approval of the Secretary of the Treasury. Such notes or other obligations issued to obtain funds for loan, contracts entered into after the effective date of the College Housing Amendments of 1955 shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the lower of (1) $2\frac{3}{4}$ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance by

the [Administrator] *Secretary* and adjusted to the nearest one-eighth of 1 per centum. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the [Administrator] *Secretary* issued under this title and for such purpose is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public-debt transactions of the United States.

(f) There are hereby authorized to be appropriated to the [Administrator] *Secretary* such sums as may be necessary, together with loan principal and interest payments made by educational institutions assisted hereunder, for payments on notes or other obligations issued by the [Administrator] *Secretary* under this section.

(g) Except as otherwise provided in the second paragraph of section 404(b), in the case of any loan made under this section to a non-profit student housing cooperative corporation referred to in clause (5) of section 404(b), the [Administrator] *Secretary* shall require that the note securing such loan be co-signed by the educational institution (referred to in clause (1) of such section) at which such corporation is located; and in the event of the dissolution of such corporation, title to the housing constructed with such loan shall vest in such educational institution.

GENERAL PROVISIONS

SEC. 402. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the [Administrator] *Secretary*, notwithstanding the provisions of any other law, shall—

(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended; and

(2) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required: *Provided*, That such financial transactions of the [Administrator] *Secretary* as the making of loans and vouchers approved by the [Administrator] *Secretary* in connection with such financial transactions shall be final and conclusive upon all officers of the Government.

(b) Funds made available to the [Administrator] *Secretary* pursuant to the provisions of this title shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the [Administrator] *Secretary* in connection with the performance of his functions under this title, and all funds available for carrying out the functions of the [Administrator] *Secretary* under this title (including appropriations therefor, which

are hereby authorized), shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the [Administrator] *Secretary* in connection with the performance of such functions.

(c) in the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the [Administrator] *Secretary*, notwithstanding the provisions of any other law, may—

(1) prescribe such rules and regulations as may be necessary to carry out the purposes of this title;

(2) consult with and secure the advice and recommendations of the Office of Education in the [Federal Security Agency] *Department of Health, Education, and Welfare*;

(3) sue and be sued;

(4) foreclose on any property or commence any action to protect or enforce any right conferred upon him by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any property in connection with which he has made a loan pursuant to this title. In the event of any such acquisition, the [Administrator] *Secretary* may, notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, complete, administer, remodel and convert, dispose of, lease and otherwise deal with, such property: *Provided*, That any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property;

(5) enter into agreements to pay annual sums in lieu of taxes to any State or local taxing authority with respect to any real property so acquired or owned;

(6) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as he may fix;

(7) obtain insurance against loss in connection with property and other assets held;

(8) subject to the specific limitations in this title, consent to the modification, with respect to the rate of interest, time of payment of any installment of principal or interest, security, or any other term of any contract or agreement to which he is a party or which has been transferred to him pursuant to this title; and

(9) include in any contract or instrument made pursuant to this title such other covenants, conditions, or provisions as he may deem necessary to assure that the purposes of this title will be achieved.

(d) Section 3709 of the Revised Statutes shall not apply to any contract for services or supplies on account of any property acquired pursuant to this title if the amount of such contract does not exceed \$1,000.

(e) The provisions of section 309 of the Independent Offices Appropriation Act, 1950 (63 Stat. 662), which are applicable to corporations or agencies subject to the Government Corporation Control Act, shall also be applicable to the activities of the [Administrator] *Secretary* under this title.

(f) The [Administrator] *Secretary* shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors on any project assisted under this title, the construction or rehabilitation of which was commenced after the date of enactment of the Housing Act of 1959, (1) shall be paid wages at rates not less than those prevailing on the same type of work on similar construction in the immediate locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (Davis-Bacon Act), as amended, and (2) shall be employed not more than forty hours in any one week unless the employee receives wages for his employment in excess of the hours specified above at a rate not less than one and one-half times the regular rate at which he is employed; but the [Administrator] *Secretary* may waive the application of this subsection in cases or classes of cases where laborers or mechanics, not otherwise employed at any time in the construction of such project, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction and the [Administrator] *Secretary* determines that any amounts saved thereby are fully credited to the educational institution undertaking the construction.

APPORTIONMENT

SEC. 403. Not more than 12½ per centum of the funds provided for in this title in the form of loans shall be made available to educational institutions within any one State.

DEFINITIONS

SEC. 404. For the purposes of this title, the following terms shall have the meanings, respectively, ascribed to them below:

(a) "Housing" means (1) new structures suitable for dwelling use, including single-room dormitories and apartments, and (2) dwelling facilities provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for the proposed dwelling use.

(b) "Educational institution" means (1) (A) any educational institution which offers, or provides satisfactory assurance to the Administrator that it will offer within a reasonable time after completion of a facility for which assistance is requested under this title, at least a two-year program acceptable for full credit toward a baccalaureate degree (including any public educational institution, or any private educational institution no part of the net earnings of which inures to the benefit of any private shareholder or individual), or (B) any public educational institution which (i) is administered by a college or university which is accredited by a nationally recognized accrediting agency or association, (ii) offers technical or vocational instruction, and (iii) provides residential facilities for some or all of the students receiving such instruction, (2) any hospital operating a school of nursing beyond the level of high school approved by the appropriate State authority, or any hospital approved for internships by recognized authority, if such hospital is either a public hospital or a private hospital, no part of the net earnings of which inures to the

benefit of any private shareholder or individual, (3) any corporation (no part of the net earnings of which inures to the benefit of any private shareholder or individual) (A) established for the sole purpose of providing housing or other educational facilities for students or students and faculty of one or more institutions included in clause (1) of this subsection without regard to their membership in or affiliation with any social, fraternal, or honorary society or organization, and (B) upon dissolution of which all title to any property purchased or built from the proceeds of any loan secured under this title will pass to such institution (or to any one or more of such institutions) unless it is shown to the satisfaction of the [Administrator] *Secretary* that such property or the proceeds from its sale will be used for some other nonprofit educational purpose, (4) any agency, public authority, or other instrumentality of any State established for the purpose of providing or financing housing or other educational facilities for students or faculty of any public educational institution included in clause (1) of this subsection, but nothing herein contained shall require an institution included in clause (1) of this subsection to obtain loans through any instrumentality included in this clause of this subsection, and (5) any nonprofit student housing cooperative corporation established for the purpose of providing housing for students or students and faculty of any institution included in clause (1) of this subsection.

In the case of any loan made under section 401 to a corporation described in clause (3) of this subsection which was not established by the institution or institutions for whose students or students and faculty it would provide housing, or to a student housing cooperative corporation described in clause (5) of this subsection, the [Administrator] *Secretary* shall require that the note securing such loan be cosigned by such institution (or by any one or more of such institutions: *Provided*, That where the law of any State in effect on the date of enactment of the Housing Act of 1964 prevents the institution or institutions, for whose students or students and faculty the housing is to be provided, from cosigning the note, the [Administrator] *Secretary* shall require the corporation and the proposed project to be approved by such institution (or by any one or more of such institutions) in lieu of such cosigning.

(c) "Development cost" means costs of the construction of the housing or other educational facilities and the land on which it is located, including necessary site improvements to permit its use for housing or other educational facilities.

(d) "Faculties" means members of the faculty and their families.

(e) "State" shall include the several States, the District of Columbia, and the Territories and possessions of the United States.

[(f) "Administrator" means the Housing and Home Finance Administrator.]

(f) "*Secretary*" means the *Secretary of Housing and Urban Development*.

(g) "Construction" means erection of new structures, or rehabilitation, alteration, conversion, or improvement of existing structures.

(h) "Other educational facilities" means (1) new structures suitable for use as cafeterias or dining halls, student centers or student

unions, infirmaries or other inpatient or outpatient health facilities, or for other essential service facilities, and (2) structures suitable for the above uses provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for such uses.

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TITLE V—MISCELLANEOUS PROVISIONS

* * *

SEC. 507. Notwithstanding the provisions of any other law, except provisions of law hereafter enacted expressly in limitation hereof, receipts of the National Capital Housing Authority from leases, sales, or other sources under title I of the District of Columbia Alley Dwelling Act are and shall remain available to the Authority for the purposes of said title I, subject to approval by the [Public Housing Administration] *Secretary of Housing and Urban Development* of budgets for maintenance and operation of properties administered under title I in the same manner as budgets are approved by said [Administration] *Department* with respect to maintenance and operation of projects under title II of said Act.

SEC. 508. It is the intent of Congress that no sale of a dwelling on which a mortgage is insured under the National Housing Act, as amended, shall be financed, while such mortgage is so insured, at an interest rate higher than that prescribed by the [Federal Housing Commissioner] *Secretary of Housing and Urban Development*. It is the further intent of Congress that no such sale shall be made, while such mortgage is so insured, on terms less favorable to the purchaser as to amortization, retirement, foreclosure, or forfeiture than those contained in such mortgage.

* * *

HOUSING ACT OF 1954

[Public Law 560, 83rd Congress]

* * *

TITLE I—FEDERAL HOUSING ADMINISTRATION

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SEC. 125. Title II of said Act, as amended, is hereby further amended by adding at the end thereof the following new section to transfer to title II the mortgage insurance program in connection with the sale of certain publicly owned property as contained in section 610 of title VI; the insurance of mortgages to refinance existing loans insured under section 608 of title VI and sections 903 and 908 of title IX; and to authorize the insurance under title II of mortgages assigned to the [Commissioner] *Secretary of Housing and Urban Development* under insurance contracts and mortgages held by the [Commissioner] *Secretary of Housing and Urban Development* in connection with the sale of property acquired under insurance contracts:

"MISCELLANEOUS HOUSING INSURANCE

"SEC. 223. (a) [For this section of the National Housing Act, see above.]

* * *

TITLE III—SLUM CLEARANCE AND URBAN RENEWAL

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SEC. 312. Notwithstanding the amendments of this title to title I of the Housing Act of 1949, as amended, the [Administrator] *Secretary*, with respect to any project covered by any Federal aid contract executed, or prior approval granted, by him under said title I before the effective date of this Act, upon request of the local public agency, shall continue to extend financial assistance for the completion of such project in accordance with the provisions of said title I in force immediately prior to the effective date of this Act.

* * *

SEC. 314. (a) The [Housing and Home Finance Administrator] *Secretary of Housing and Urban Development* is authorized to make grants, subject to such terms and conditions as he shall prescribe, to public bodies, including cities and other political subdivisions, to assist them in developing, testing, and reporting methods and techniques, and carrying out demonstrations and other activities for the prevention and the elimination of slums and urban blight. No such grant shall exceed two-thirds of the cost, as determined or estimated by said [Administrator] *Secretary*, of such activities or undertakings, but such a grant may in addition cover the full cost of writing and publishing the reports on such activities and undertakings. In administering this section, said [Administrator] *Secretary* shall give preference to those activities and undertakings which in his judgment can reasonably be expected to (1) contribute most significantly to the improvement of methods and techniques for the elimination and prevention of slums and blight, and (2) best serve to guide renewal programs in other communities.

(b) The [Administrator] *Secretary* is further authorized to pay for the cost of (1) writing and publishing reports on activities and undertakings financed by grants made under this section, as well as reports on similar activities and undertakings, not so financed, which are of significant value in furthering the purposes of this section, and (2) writing and publishing summaries and other informational material on such reports.

(c) The aggregate amount of grants made under subsection (a), and other costs incurred pursuant to subsection (b), shall not exceed \$10,000,000 and shall be payable from the grant funds provided under and authorized by section 103(b) of the Housing Act of 1949. The [Administrator] *Secretary* may make advance or progress payments on account of any contract entered into pursuant to this section, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended.

* * *

TITLE VII—URBAN PLANNING AND RESERVE OF
PLANNED PUBLIC WORKS

URBAN PLANNING

SEC. 701. (a) In order to assist State and local governments in solving planning problems resulting from the increasing concentration of population in metropolitan and other urban areas, including smaller communities; to facilitate comprehensive planning for urban development, including coordinated transportation systems, on a continuing basis by such governments; and to encourage such governments to establish and improve planning staffs, the [Administrator] *Secretary* is authorized to make planning grants to—

(1) State planning agencies, or (in States where no such planning agency exists) to agencies or instrumentalities of State government designated by the Governor of the State and acceptable to the [Administrator] *Secretary* as capable of carrying out the planning functions contemplated by this section, for the provision of planning assistance to (A) cities and other municipalities having a population of less than 50,000 according to the latest decennial census, and counties without regard to population: *Provided*, That grants shall be made under this paragraph for planning assistance to counties having a population of 50,000 or more, according to the latest decennial census, which are within metropolitan areas, only if (i) the [Administrator] *Secretary* finds that planning and plans for such county will be coordinated with the program of comprehensive planning, if any, which is being carried out for the metropolitan area of which the county is a part, and (ii) the aggregate amount of the grants made subject to this proviso does not exceed 15 per centum of the aggregate amount appropriated, after the date of enactment of the Housing Act of 1964, for the purposes of this section, (B) any group of adjacent communities, either incorporated or unincorporated, having a total population of less than 50,000 according to the latest decennial census and having common or related urban planning problems, (C) cities, other municipalities, and counties, referred to in paragraph (3) of this subsection and areas referred to in paragraph (4) of this subsection, and (D) Indian reservations;

(2) official State, metropolitan, and regional planning agencies, or other agencies and instrumentalities designated by the Governor (or Governors in the case of interstate planning) and acceptable to the [Administrator] *Secretary*, empowered under State or local laws or interstate compact to perform metropolitan or regional planning;

(3) cities, other municipalities, and counties which (A) are situated in areas designated by the Secretary of Commerce under section 5 of the Area Redevelopment Act as redevelopment areas or (B) have suffered substantial damage as a result of a catastrophe which the President, pursuant to section 2(a) of "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes" has determined to be a major disaster;

(4) to official governmental planning agencies for areas where rapid urbanization has resulted or is expected to result from the establishment or rapid and substantial expansion of a Federal installation, *or for areas where rapid urbanization is expected to result on land acquired or to be acquired by land development agencies with assistance under section 202(b)(1) of the Housing Amendments of 1955, or on land developed or to be developed as a new community approved under section 1004 of the National Housing Act;*

(5) State planning agencies for State and interstate comprehensive planning (as defined in subsection (d)) and for research and coordination activity related thereto;

(6) metropolitan and regional planning agencies, with the approval of the State planning agency or (in States where no such planning agency exists) of the Governor of the State, for the provision of planning assistance within the metropolitan area or region to cities, other municipalities, counties, groups of adjacent communities, or Indian reservations described in clauses (A), (B), (C), and (D) of paragraph (1) of this subsection;

(7) to official governmental planning agencies for any area where there has occurred a substantial reduction in employment opportunities as the result of (A) the closing (in whole or in part) of a Federal installation, or (B) a decline in the volume of Government orders for the procurement of articles or materials produced or manufactured in such area;

(8) tribal planning councils or other tribal bodies designated by the Secretary of the Interior for planning for an Indian reservation to which no State planning agency or other agency or instrumentality is empowered to provide planning assistance under clause (D) of paragraph (1) above; and

(9) the Appalachian Regional Commission, established by the Appalachian Regional Development Act of 1965, for comprehensive planning for the Appalachian region as defined by section 403 of such Act.

Planning assisted under this section shall, to the maximum extent feasible, cover entire urban areas having common or related urban development problems. The [Administrator] *Secretary* shall encourage cooperation in preparing and carrying out plans among all interested municipalities, political subdivisions, public agencies, and other parties in order to achieve coordinated development of entire areas. To the maximum extent feasible, pertinent plans and studies already made for areas shall be utilized so as to avoid unnecessary repetition of effort and expense. Planning which may be assisted under this section includes the preparation of comprehensive urban transportation surveys, studies, and plans to aid in solving problems of traffic congestion, facilitating the circulation of people and goods in metropolitan and other urban areas and reducing transportation needs. Funds available under this section shall be in addition to and may be used jointly with funds available for planning surveys and investigations under other Federally-aided programs, and nothing contained in this section shall be construed as affecting the authority of the Secretary of Commerce under section 307 of title 23, United States Code.

(b) A planning grant made under this section shall not exceed two-thirds of the estimated cost of the work for which the grant is made: *Provided*, That such a grant may be in an amount not exceeding three-fourths of such estimated cost to an official governmental planning agency for an area described in subsection (a) (7), or for planning being carried out for a city, other municipality, county, group of adjacent communities, or Indian reservation in an area designated by the Secretary of Commerce as a redevelopment area under section 5 of the Area Redevelopment Act, (or under any Act supplementary thereto) to States participating in planning for Appalachian regional programs, for expenses incurred in the course of such planning, or to the Appalachian Regional Commission. All grants made under this section shall be subject to terms and conditions prescribed by the [Administrator] *Secretary*. No portion of any grant made under this section shall be used for the preparation of plans for specific public works. The [Administrator] *Secretary* is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advance or progress payments on account of any grant made under this section. There is hereby authorized to be appropriated not exceeding \$230,000,000, to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended: *Provided*, That not to exceed 5 per centum of any funds so appropriated may be used by the [Administrator] *Secretary* for studies, research, and demonstration projects, undertaken independently or by contract, for the development and improvement of techniques and methods for comprehensive planning and for the advancement of the purposes of this section, *and for grants to assist in the conduct of studies and research relating to needed revisions in State statutes which create, govern, or control local governments and local governmental operations.*

(c) The [Administrator] *Secretary* is authorized, in areas embracing several municipalities or other political subdivisions, to encourage planning on a unified metropolitan basis and to provide technical assistance for such planning and the solution of problems relating thereto.

(d) It is the further intent of this section to encourage comprehensive planning, including transportation planning, for States, cities, counties, metropolitan areas, urban regions, and Indian reservations and the establishment and development of the organizational units needed therefor. The [Administrator] *Secretary* is authorized to provide technical assistance to State and local governments and their agencies and instrumentalities, and to Indian tribal bodies, undertaking such planning and, by contract or otherwise, to make studies and publish information on related problems. In extending financial assistance under this section, the [Administrator] *Secretary* may require such assurances as he deems adequate that the appropriate State and local agencies are making reasonable progress in the development of the elements of comprehensive planning. Comprehensive planning, as used in this section, includes the following, to the extent directly related to urban needs: (1) preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities, including

transportation facilities, together with long-range fiscal plans for such development; (2) programming of capital improvements based on a determination of relative urgency, together with definitive financing plans for the improvements to be constructed in the earlier years of the program; (3) coordination of all related plans of the departments or subdivisions of the government concerned; (4) intergovernmental coordination of all related planned activities among the State and local governmental agencies concerned; and (5) preparation of regulatory and administrative measures in support of the foregoing.

(e) In the exercise of his function of encouraging comprehensive planning by the States, the [Administrator] *Secretary* shall consult with those officials of the Federal Government responsible for the administration of programs of Federal assistance to the States and municipalities for various categories of public facilities.

(f) The consent of the Congress is hereby given to any two or more States to enter into agreements or compacts, not in conflict with any law of the United States, for cooperative efforts and mutual assistance in the comprehensive planning for the physical growth and development of interstate, metropolitan, or other urban areas, and to establish such agencies, joint or otherwise, as they may deem desirable for making effective such agreements and compacts.

(g) In addition to the planning grants authorized by subsection (a), the [Administrator] *Secretary* is further authorized to make grants to organizations composed of public officials whom he finds to be representative of the political jurisdictions within a metropolitan area or urban region for the purpose of assisting such organizations to undertake studies, collect data, develop regional plans and programs, and engage in such other activities as the [Administrator] *Secretary* finds necessary or desirable for the solution of the metropolitan or regional problems in such areas or regions. To the maximum extent feasible, all grants under this subsection shall be for activities relating to all the developmental aspects of the total metropolitan area or urban region, including, but not limited to, land use, transportation, housing, economic development, natural resources development, community facilities, and the general improvement of living environments. A grant under this subsection shall not exceed two-thirds of the estimated cost of the work for which the grant is made.

RESERVE OF PLANNED PUBLIC WORKS

SEC. 702. (a) In order (1) to encourage municipalities and other public agencies and Indian tribes to maintain at all times a current and adequate reserve of planned public works the construction of which can rapidly be commenced, particularly when the national or local economic situation makes such action desirable, and (2) to help attain maximum economy and efficiency in the planning and construction of public works, the [Administrator] *Secretary* is hereby authorized to make advances to public agencies and Indian tribes (notwithstanding the provisions of section 3648 of the Revised Statutes, as amended) to aid in financing the cost of engineering and architectural surveys, designs, plans, working drawings, specifications, or other action preliminary to and in preparation for the construction of pub-

lic works, including, in the case of public works to be constructed in connection with the development of a medical center, a general plan for the development of such center: *Provided*, That the making of advances hereunder shall not in any way commit the Congress to appropriate funds to assist in financing the construction of any public works so planned: *And provided further*, That advances outstanding to public agencies and Indian tribes in any one State shall at no time exceed 12½ per centum of the aggregate then authorized to be appropriated to the revolving fund established pursuant to subsection (e) of this section.

(b) No advance shall be made hereunder with respect to any individual project, including a regional or metropolitan or other area-wide project, unless (1) it is planned to be constructed within or over a reasonable period of time considering the nature of the project, (2) it conforms to an overall State, local, or regional plan approved by a competent State, local, or regional authority, and (3) the public agency or Indian tribe formally contracts with the Federal Government to complete the plan preparation promptly and to repay such advance or part thereof when due.

(c) Advances under this section to any public agency or Indian tribe shall be repaid without interest by such agency or tribe when the construction of the public works is undertaken or started: *Provided*, That in the event repayment is not made promptly such unpaid sum shall bear interest at the rate of 4 per centum per annum from the date of the Government's demand for repayment to the date of payment thereof by the public agency or Indian tribe.

(d) The [Administrator] *Secretary* is authorized to prescribe rules and regulations to carry out the purpose of this section.

(e) In order to provide moneys for advances in accordance with this section, the [Administrator] *Secretary* is hereby authorized to establish a revolving fund which shall comprise (1) all moneys heretofore or hereafter appropriated pursuant to this section, together with all repayments and other receipts heretofore or hereafter received in connection with advances made under this section, and (2) all repayments and other receipts received after June 30, 1964, and all advances (and claims in connection with advances) outstanding as of such date, under title V of the War Mobilization and Reconversion Act of 1944 (58 Stat. 791) and the Act of October 13, 1949 (63 Stat. 841-2). There are authorized to be appropriated to such revolving fund, in addition to amounts authorized to be appropriated for the purposes of this section prior to the date of the enactment of the Housing Act of 1964, such sums, not exceed \$70,000,000, as may be necessary to carry out the purposes of this section.

(f) The [Administrator] *Secretary* is authorized to use during any fiscal year not to exceed \$100,000 of the moneys in the revolving fund (established under subsection (e)) to conduct surveys of the status and current volume of State and local public works planning and surveys of estimated requirements for State and local public works: *Provided*, That the [Administrator] *Secretary*, in conducting any such survey, may utilize or act through any Federal department or agency with its consent.

(g) Notwithstanding any other provision of this section, no advance made under this section for the planning of any public works

project shall be required to be repaid if construction of such project is initiated as a result of a grant-in-aid made from an allocation made by the President under the Public Works Acceleration Act.

(h) (1) Notwithstanding any other provision of law, if a public agency or Indian tribe undertakes to construct only a portion of a public work planned with an advance under this section, under title V of the War Mobilization and Reconversion Act of 1944, or under the Act of October 13, 1949, it shall repay only such proportionate amount of the advance relating to the public work as the [Administrator] *Secretary* determines to be equitable.

(2) The [Administrator] *Secretary* is authorized to terminate, upon such terms and conditions as he shall deem equitable, all or a portion of the liability for repayment of any advance made under this section, title V of the War Mobilization and Reconversion Act of 1944, or the Act of October 13, 1949. Whenever the [Administrator] *Secretary* determines that there is no reasonable likelihood that the public work, or a portion of the public work, planned with such advance will be constructed, he may terminate the agreement for the advance. Such determination shall be conclusive and shall be based on standards prescribed by regulations to be issued by the [Administrator] *Secretary*.

DEFINITIONS

SEC. 703. As used in this title, (1) the term "State" shall mean any State, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States; [(2) the term "Administrator" shall mean the Housing and Home Finance Administrator;] (2) *the term "Secretary" shall mean the Secretary of Housing and Urban Development*; (3) the term "public works" shall include any public works other than housing; and (4) the term "public agency" or "public agencies" shall mean any State, as herein defined, or any public agency or political subdivision therein.

TITLE VIII—MISCELLANEOUS PROVISIONS

SEC. 801. (a) The [Federal Housing Commissioner] *Secretary of Housing and Urban Development* is hereby authorized and directed to require that, in connection with any property upon which there is located a dwelling designed principally for not more than a four-family residence and which is approved for mortgage insurance prior to the beginning of construction, the seller or builder, and such other person as may be required by the said [Commissioner] *Secretary* to become warrantor, shall deliver to the purchaser or owner of such property a warranty that the dwelling is constructed in substantial conformity with the plans and specifications (including any amendments thereof, or changes and variations therein, which have been approved in writing by the [Federal Housing Commissioner] *Secretary of Housing and Urban Development*) on which the [Federal Housing Commissioner] *Secretary of Housing and Urban Development* based his valuation of the dwelling: *Provided*, That the [Federal Housing Commissioner] *Secretary of Housing and Urban Development* shall deliver to the builder, seller, or other warrantor his written approval (which shall be conclusive evidence of such approval) of any amend-

ment of, or change or variation in, such plans and specifications which the **[Commissioner]** *Secretary* deems to be a substantial amendment thereof, or change or variation therein, and shall file a copy of such written approval with such plans and specifications: *Provided further*, That such warranty shall apply only with respect to such instances of substantial nonconformity to such approved plans and specifications (including any amendment thereof, or changes or variations therein, which have been approved in writing, as provided herein, by the **[Federal Housing Commissioner]** *Secretary of Housing and Urban Development*) as to which the purchaser or homeowner has given written notice to the warrantor within one year from the date of conveyance of title to, or initial occupancy of, the dwelling, whichever first occurs: *Provided further*, That such warranty shall be in addition to, and not in derogation of, all other rights and privileges which such purchaser or owner may have under any other law or instrument: *And provided further*, That the provisions of this section shall apply to any such property covered by a mortgage insured by the **[Federal Housing Commissioner]** *Secretary of Housing and Urban Development* on and after October 1, 1954, unless such mortgage is insured pursuant to a commitment therefor made prior to October 1, 1954.

(b) The **[Federal Housing Commissioner]** *Secretary of Housing and Urban Development* is further directed to permit copies of the plans and specifications (including written approvals of any amendments thereof, or changes or variations therein, as provided herein) for dwellings in connection with which warranties are required by subsection (a) of this section to be made available in their appropriate local offices for inspection or for copying by any purchaser, homeowner, or warrantor during such hours or periods of time as the said **[Commissioner]** *Secretary* may determine to be reasonable.

SEC. 802. (a) The **[Housing and Home Finance Administrator]** *Secretary of Housing and Urban Development* shall, as soon as practicable during each calendar year, make a report to the President for submission to the Congress on all operations and programs (including but not limited to the **[FHA]** insurance, urban renewal, public housing, and rent supplement programs) under the jurisdiction of the **[Housing and Home Finance Agency]** *Department of Housing and Urban Development* during the previous calendar year. Such report shall contain recommendations for strengthening or improving such programs, or, when necessary to implement more effectively Congressional policies and purposes, for establishing new or alternative programs.

* * *

SEC. 811. The **[Housing and Home Finance Agency]**, including its constituent agencies *Department of Housing and Urban Development*, and any other departments or agencies of the Federal Government having powers, functions, or duties with respect to housing under this or any other law shall exercise such powers, functions, or duties in such manner as, consistent with the requirements thereof, will facilitate progress in the reduction of the vulnerability of congested urban areas to enemy attack.

* * *

RECORDS

SEC. 814. Every contract between the [Housing and Home Finance Agency (or any official or constituent thereof)] *Department of Housing and Urban Development* and any person or local body (including any corporation or public or private agency or body) for a loan, advance, grant, or contribution under the United States Housing Act of 1937, as amended, the Housing Act of 1949, as amended, or any other Act shall provide that such person or local body shall keep such records as the [Housing and Home Finance Agency (or such official or constituent thereof)] *Department of Housing and Urban Development* shall from time to time prescribe, including records which permit a speedy and effective audit and will fully disclose the amount and the disposition by such person or local body of the proceeds of the loan, advance, grant, or contribution, or any supplement thereto, the capital cost of any construction project for which any such loan, advance, grant, or contribution is made, and the amount of any private or other non-Federal funds used or grants-in-aid made for or in connection with any such project. No mortgage covering new or rehabilitated multifamily housing (as defined in section 227 of the National Housing Act, as amended) shall be insured unless the mortgagor certifies that he will keep such records as are prescribed by the [Federal Housing Commissioner] *Secretary of Housing and Urban Development* at the time of the certification and that they will be kept in such form as to permit a speedy and effective audit. The [Housing and Home Finance Agency or any official or constituent agency thereof] *Department of Housing and Urban Development* and the Comptroller General of the United States shall have access to and the right to examine and audit such records. This section shall become effective on the first day after the first full calendar month following the date of approval of the Housing Act of 1961.

* * *

AUDITS UNDER PUBLIC HOUSING ACT OF 1937; COMPTROLLER GENERAL

SEC. 816. Every contract for loans or annual contributions under the United States Housing Act of 1937 as amended shall provide that the [Public Housing Commissioner] *Secretary of Housing and Urban Development* and the Comptroller General of the United States, or any of their duly authorized representatives, shall, for the purpose of audit and examination, have access to any books, documents, papers, and records of the public housing agency entering into such contract that are pertinent to its operations with respect to financial assistance under the United States Housing Act of 1937, as amended.

REPORT TO CONGRESS OF INFORMATION ON HOUSING

SEC. 817. The annual report made by the [Housing and Home Finance Administrator] *Secretary of Housing and Urban Development* to the President for submission to the Congress on all operations provided for by section 802 hereof shall contain pertinent information with respect to all projects for which any loan, contribu-

tion, or grant has been made by the [Housing and Home Finance Agency] *Department of Housing and Urban Development*, including the amount of loans, contributions and grants contracted for, and shall also contain pertinent information with respect to all builders' cost certifications required by section 227 of the National Housing Act, as amended, including information as to the amounts paid by mortgagors to mortgagees for application to the reduction of the principal obligations of the mortgages pursuant to that section.

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HOUSING AMENDMENTS OF 1955

[Public Law 345, 84th Congress]

* * *

MORTGAGE INSURANCE

SEC. 102. * * *

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(h) In the performance of, and with respect to, the functions, powers, and duties vested in him by section 213 of the National Housing Act, as amended, the Commissioner, notwithstanding the provisions of any other law, shall appoint a Special Assistant for Cooperative Housing, and provide the Special Assistant with adequate staff, whose sole responsibility will be to expedite operations under such section and to eliminate obstacles to the full utilization of such section under the direction and supervision of the Commissioner. The person so appointed shall be fully sympathetic with the purposes of such section.

* * *

[SEC. 113. Effective upon the date of enactment of this Act the basic rate of compensation of the Community Facilities Commissioner of the Housing and Home Finance Agency shall be the same as the basic rate of compensation established for the heads of the constituent agencies of the Housing and Home Finance Agency.]

TITLE II—PUBLIC FACILITY LOANS

DECLARATION OF POLICY

SEC. 201. It has been the policy of the Congress to assist wherever possible the States and their political subdivisions, and Indian tribes to provide the services and facilities essential to the health and welfare of the people of the United States.

The Congress finds that in many instances municipalities, or other political subdivisions of States, and ¹ Indian tribes, which seek to provide essential public works or facilities (including mass transportation facilities and equipment), are unable to raise the necessary funds at reasonable interest rates.

It is the purpose of this title (subject to the limitations contained herein) to authorize the extension of credit to assist in the provision of certain essential public works or facilities by States, municipalities, or other political subdivisions of States, and ¹ Indian tribes, where such credit is not otherwise available on reasonable terms and conditions.

FEDERAL LOANS

SEC. 202. (a) The [Housing and Home Finance Administrator] *Secretary of Housing and Urban Development*, is authorized (1) to purchase the securities and obligations of, or make loans to, municipalities and other political subdivisions and instrumentalities of one or more States (including public agencies and instrumentalities of one or more municipalities or other political subdivision of one or more States), and Indian tribes to finance specific projects for public works or facilities under State, municipal, or other applicable law, and (2) to purchase the securities and obligations of, or make loans to, States, municipalities and other political subdivisions of States, public agencies and instrumentalities of one or more States, municipalities and political subdivisions of States, and public corporations, boards, and commissions established under the laws of any State, to finance the acquisition, construction, reconstruction, and improvement of facilities and equipment for use, by operation or lease or otherwise, in mass transportation service in urban areas, and for use in coordinating highway, bus, surface-rail, underground, parking and other transportation facilities in such areas. The facilities and equipment referred to in clause (2) may include land, but not public highways, and any other real or personal property needed for an economic, efficient, and coordinated mass transportation system. No such purchase or loan shall be made for payment of ordinary governmental or nonproject operating expenses.

(b) (1) *In order to encourage and assist in the timely acquisition of open or predominantly undeveloped land to be utilized in connection with the development of well-planned residential neighborhoods, subdivisions, and communities, the Secretary is authorized to purchase the securities and obligations of, or make loans to, land development agencies to finance the acquisition of a fee simple or other interest in such land for subsequent sale in accordance with this subsection. A loan under this subsection may be in an amount which shall not exceed the total cost, as approved by the Secretary, of acquiring such interest; shall be reasonably secured; shall be repaid in such manner and within such period, not exceeding fifteen years, as may be determined by the Secretary; and shall bear interest at the rate prescribed for financial assistance extended under subsection (a) of this section. As used in this subsection, "land development agencies" means public corporations, including municipalities, authorized to carry out, and created or designated by or pursuant to State law for the purpose of carrying out, the functions for which financial assistance is available under this subsection.*

(2) *The Secretary shall not extend any financial assistance for the acquisition of land under this subsection unless he determines that (A) the financial assistance applied for is not otherwise available on reasonable terms, (B) the development of a well-planned residential neighborhood, subdivision, or community on such land would be consistent with a comprehensive plan or comprehensive planning, meeting criteria established by the Secretary, for the area in which the land is located, and (C) a preliminary development plan for the use of the land meets criteria established by the Secretary for such preliminary plans.*

(3) *Land acquired with financial assistance under this subsection shall be disposed of for development in accordance with a current development plan for the land which has been approved by the Secretary as consistent with provisions of the loan agreement, and shall not be sold or otherwise disposed of for less than its fair value for uses in accord with such development plan. Such plan shall, wherever feasible in the light of current conditions, encourage the provision of sites providing a proper balance of types of housing to serve families having a broad range of incomes. The Secretary shall adopt such requirements as he deems necessary to encourage the maintenance of a diversified local homebuilding industry and broad participation by builders, particularly small builders.*

[(b)] (c) The powers granted in subsection (a) of this section shall be subject to the following restrictions and limitations:

(1) No financial assistance shall be extended under this section unless the financial assistance applied for is not otherwise available on reasonable terms, and all securities and obligations purchased and all loans made under this section shall be of such sound value or so secured as reasonably to assure retirement or repayment, and such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations or otherwise.

(2) No securities or obligations shall be purchased, and no loans shall be made, including renewals or extensions thereof, which have maturity dates in excess of forty years. Subject to such maximum maturity, the **[Administrator]** *Secretary* in his discretion may provide for the postponement of the payment of interest on not more than 50 per centum of any financial assistance extended to an applicant under this section for a period up to ten years where (A) such assistance does not exceed 50 per centum of the development cost of the project involved, and (B) it is determined by the **[Administrator]** *Secretary* that such applicant will experience above-average population growth and the project would contribute to orderly community development, economy, and efficiency; and any amounts so postponed shall be payable with interest in annual installments during the remaining maturity of such assistance.

(3) Financial assistance extended under this section shall bear interest at a rate determined by the **[Administrator]** *Secretary* which shall be not more than the higher of (A) 3 per centum per annum, or (B) the total of one-half of 1 per centum per annum added to the rate of interest paid by the **[Administrator]** *Secretary* on funds obtained from the Secretary of the Treasury as provided in section 203(a).

(4) No financial assistance shall be extended under clause (1) of subsection (a) of this section (A) to any municipality or other political subdivision having a population of fifty thousand or more (one hundred fifty thousand or more in the case of a community situated in an area designated as a redevelopment area under the Area Redevelopment Act or any Act supplementary thereto) according to the most recent decennial census, or; (B) to any public agency or instrumentality serving one or more municipalities, political subdivisions, or unincorporated areas in one or more States, unless each mu-

municipality, political subdivision, or unincorporated area to be served by the specific public work or facility for which assistance is sought under this section has a population less than the applicable figure under clause (A) according to such census. This paragraph shall not apply to any financial assistance to be extended under subsection (a) of this section for the purpose of financing any project for public works or facilities (i) in a community in or near which is located a research or development installation of the National Aeronautics and Space Administration, or (ii) to be initiated or accelerated as the result of a grant-in-aid from an allocation made by the President under section 9 of the Public Works Acceleration Act, or (iii) to be provided in connection with the establishment of a new community approved under section 1004 of the National Housing Act.

[(c)] (d) In the processing of applications for financial assistance under clause (1) of subsection (a) of this section the [Administrator] Secretary shall give priority to applications of smaller municipalities for assistance in the construction of basic public works (including works for the storage, treatment, purification, or distribution of water; sewage, sewage treatment, and sewer facilities; and gas distribution systems) for which there is an urgent and vital public need. As used in this section, a "smaller municipality" means an incorporated or unincorporated town, or other political subdivision of a State, which had a population of less than ten thousand inhabitants at the time of the last Federal census, or an Indian tribe. Notwithstanding any other provision of this title, the [Administrator] Secretary may extend financial assistance, as otherwise authorized by clause (1) of subsection (a) of this section, to any private nonprofit corporation to finance the construction of works for the storage, treatment, purification, or distribution of water or the construction of sewage, sewage treatment, and sewer facilities, if such works or facilities are needed to serve a smaller municipality or rural area, and there is no existing public body able to construct and operate such works or facilities.

[d] (e) No loans may be made for transportation facilities or equipment, pursuant to clause (2) of subsection (a) of this section, unless the [Administrator] Secretary determines (1) that there is being actively developed (or has been developed) for the urban or other metropolitan area served by the applicant a program, meeting criteria established by him, for the development of a comprehensive and coordinated mass transportation system; (2) that the proposed facilities or equipment can reasonably be expected to be required for such a system; and (3) if such program has not been completed, that there is an urgent need for the provision of the facilities or equipment to be commenced prior to the time that the program could reasonably be expected to be completed: *Provided*, That no such loan shall be made, except under a prior commitment, after June 30, 1963.

[e] (f) The [Administrator] Secretary is authorized to make a grant-in-aid from any allocation made for such purpose by the President under section 9 of the Public Works Acceleration Act to any public entity described in clause (1) of subsection (a) of this section of not to exceed 50 per centum of the cost of construction of any project for public works or facilities, if such project would be eligible (without regard to the restrictions and limitations of subsections (b) and

(c) of this section) for financial assistance under clause (1) of subsection (a) of this section in accordance with the rules and regulations of the [Administrator] *Secretary* (as in effect on the date of enactment of this subsection) relating to the types of public works and facilities to which such assistance may be extended.

FINANCING

SEC. 203 (a) In order to finance activities under this title, the [Administrator] *Secretary* is authorized and empowered to issue to the Secretary of the Treasury, from time to time and to have outstanding at any one time, notes and other obligations in an amount not to exceed \$650,000,000: *Provided*, That, of the funds obtained through the issuance of such notes and other obligations, \$600,000,000 shall be available only for purchases and loans pursuant to clause (1) of [section 202(a)] *Section 202(a) and pursuant to section 202(b)* of this title and \$50,000,000 shall be available only for purchases and loans pursuant to clause (2) [of such section] *of section 202(a)*. Such obligations shall be in such forms and denominations, have such maturities and be subject to such terms and conditions as may be prescribed by the [Administrator] *Secretary*, with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) $2\frac{1}{2}$ per centum, per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceeding the issuance by the [Administrator] *Secretary* and adjusted to the nearest one-eighth of 1 per centum..

The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the [Administrator] *Secretary* to be issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

(b) Funds borrowed under this section and any proceeds shall constitute a revolving fund which may be used by the [Administrator] *Secretary* in the exercise of his functions under this title.

GENERAL PROVISIONS

SEC. 204. In the performance of, and with respect to, the functions, powers, and duties vested in him by this title the [Administrator] *Secretary* shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402, except subsection (c) (2), of the Housing Act of 1950. Funds obtained or held by the [Administrator] *Secretary* in connection with the performance of his functions under this title shall be available for the

administrative expenses of the [Administrator] *Secretary* in connection with the performance of such functions.

* * *

SEC. 206. As used in this title, the term "States" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.

SEC. 207. The [Administrator] *Secretary* is authorized to establish technical advisory services to assist municipalities and other political subdivisions and instrumentalities, and Indian tribes, in the budgeting, financing, planning, and construction of community facilities. There are hereby authorized to be appropriated such sums as may be necessary, together with any fees that may be charged, to cover the cost of such services.

* * *

TITLE IV—ARMED SERVICES HOUSING MORTGAGE INSURANCE

* * *

SEC. 403. (a) The Secretary of Defense or his designee is hereby authorized to enter into contracts with any eligible bidder to provide for the construction of urgently needed housing on lands owned or leased by the United States and situated on or near a military reservation or installation for the purpose of providing suitable living accommodations for military personnel of the armed services assigned to duty at the military installation at or in the area where the housing is situated. Any such contract shall provide that each housing unit in the project shall be placed under the control of the Secretary of Defense, or his designee, as soon as the unit is available for occupancy as determined by the [Commissioner] *Secretary of Housing and Urban Development*. Any such contract shall also provide that, except for stock held by the [Commissioner] *Secretary of Housing and Urban Development*, the capital stock of the mortgagor (where the mortgagor is a corporation) be transferred to the Secretary of Defense, or his designee, when the housing has been completed as determined by the [Commissioner] *Secretary of Housing and Urban Development*. Any such contract shall contain such terms and conditions as the Secretary of Defense may determine to be necessary to protect the interests of the United States. Any such contract shall provide for the furnishing by the contractor of a performance bond and a payment bond with a surety or sureties satisfactory to the Secretary of Defense, or his designee, and the furnishing of such bonds shall be deemed a sufficient compliance with the provisions of section 1 of the Act of August 24, 1935 (49 Stat. 793), and no additional bonds shall be required under such section. Before the Secretary of Defense shall enter into any contract as authorized by this section for the construction of housing, he shall invite the submission of competitive bids after advertising in the manner prescribed in section 3 of the Armed Services Procurement Act of 1947.

(b) For the purposes of this title, the term "eligible bidder" means a person, partnership, firm, or corporation determined by the Secretary

of Defense after consultation with the [Commissioner] *Secretary of Housing and Urban Development* (1) to be qualified by experience and financial responsibility to construct housing of the type described in subsection (a) of this section, and (2) to have submitted the lowest acceptable bid.

(c) Notwithstanding any other provision of law, the Secretary of Defense or his designee is authorized to acquire the capital stock of mortgagors holding property covered by a mortgage insured under title VIII of the National Housing Act, as amended by the Housing Amendments of 1955, and to exercise the rights as holders of such capital stock during the life of such mortgage and, upon the termination of the mortgage, to dissolve the corporation; to guarantee the payment of notes or other legal instruments required by the [Commissioner] *Secretary of Housing and Urban Development* of such mortgagors; to make payments thereon; and to guarantee and indemnify the Armed Services Housing Mortgage Insurance Fund against loss in cases where so required. All housing facilities placed under the control of the Secretary of Defense pursuant to the provisions of this title shall be deemed to be housing facilities under the jurisdiction of the military department to which they are assigned.

(d) On request by the Secretary of Defense, the Attorney General shall furnish to the Secretary of Defense, or his designee, an opinion as to the sufficiency of title to any property on which it is proposed to construct housing, or on which housing has been constructed, under this section. If the opinion of the Attorney General is that the title to any such property is good and sufficient, the Secretary of Defense is authorized to guarantee, or enter into a commitment to guarantee, the mortgage, under a mortgage on such property which is insured under title VIII of the National Housing Act, against any losses that may thereafter arise from adverse claims to title. None of the proceeds of any mortgage loan hereafter insured under such title VIII shall be used for title search and title insurance costs: *Provided*, That if the Secretary of Defense, or his designee, determines in the case of any housing project, that the financing of the construction of such project is impossible unless title insurance is provided, the Secretary may provide for the payment of the reasonable costs necessary for obtaining title search and title insurance. Any payments by the Secretary of Defense hereunder shall be made from the revolving fund established under section 404(g). Any determination by the Secretary of Defense under the foregoing proviso shall be set forth in writing, together with the reasons therefor. The Committees on Armed Services of the Senate and House of Representatives shall be promptly notified of each such determination, and of the amount of any payment made by the Secretary of Defense for title search and title insurance costs.

SEC. 404. (a) Whenever the Secretary of Defense or his designee deems it necessary for the purpose of this title, he may acquire, by purchase, donation, condemnation, or other means of transfer, any land or (with the approval of the [Federal Housing Commissioner] *Secretary of Housing and Urban Development*) (1) any housing financed with mortgages insured under title VIII of the National Housing Act as in effect prior to August 11, 1955, or (2) any housing situ-

ated adjacent to a military installation which was (A) completed prior to July 1, 1952, (B) certified by the Department of Defense, prior to construction, as being necessary to meet an existing military family housing need and considered as military housing by the [Federal Housing Commissioner] *Secretary of Housing and Urban Development*, and (C) financed with mortgages insured under section 207 of the National Housing Act, or (3) any housing situated on or adjacent to a military installation which was (A) completed prior to July 1, 1952, (B) considered by the Department of Defense, prior to construction, as being necessary to meet an existing military family housing need and considered as military housing by the [Federal Housing Commissioner] *Secretary of Housing and Urban Development*, and (C) financed with mortgages insured under section 608 of the National Housing Act, including adjacent property constructed primarily to provide commercial facilities for the occupants of such housing. The purchase price of any such housing shall not exceed the [Federal Housing Commissioner's] *Secretary of Housing and Urban Development's* estimate of the replacement cost of such housing and related property (not including the value of any improvements installed or constructed with appropriated funds) as of the date of final endorsement for mortgage insurance reduced by an appropriate allowance representing the estimated cost of repairs and replacements necessary to restore the property to sound physical condition, as determined by the Secretary of Defense or his designee upon the advice of the [Commissioner] *Secretary of Housing and Urban Development*: *Provided*, That in any case where the Secretary of Defense or his designee acquires a project held by the [Commissioner] *Secretary of Housing and Urban Development*, the price paid shall not exceed the face value of the debentures (plus accrued interest thereon) which the [Commissioner] *Secretary of Housing and Urban Development* issued in acquiring such project.

(b) Notwithstanding any provision of subsection (a) to the contrary, the Secretary of Defense or his designee shall, in the manner provided in subsection (a), acquire by purchase, donation, or other means of transfer or, if the parties cannot agree upon terms for acquisition by such means, by condemnation, any housing described in clause (1) or (2) of subsection (a) of this section which is located at or near a military installation where the construction of housing under the Armed Services Housing Mortgage Insurance Program has been approved by the Secretary.

(c)(1) Condemnation proceedings instituted pursuant to this section shall be conducted in accordance with the provision of the Act of August 1, 1888 (25 Stat. 357; 40 U.S.C. 257), as amended, or any other applicable Federal statute. Before any such condemnation proceedings are instituted, an effort shall be made to acquire the property involved by negotiation. In any such condemnation proceedings, and in the interests of expedition, the issue of just compensation may be determined by a commission of three qualified, disinterested persons to be appointed by the court. Any commission appointed hereunder shall give full consideration to all elements of value in accordance with existing law, and shall have the powers of a master provided in subdivision (c) of rule 53 of the Federal Rules of Civil Procedure and proceedings before it shall be governed by the provisions of para-

graphs (1) and (2) of subdivision (d) of such rule. Its action and report shall be determined by a majority and its findings and report shall have the effect, and be dealt with by the court in accordance with the practice prescribed in paragraph (2) of subdivision (e) of such rule. Trial of all issues, other than just compensation, shall be by the court.

(2) In any condemnation proceedings instituted to acquire any such housing, or interest therein, the court shall not order the party in possession to surrender possession in advance of final judgment unless a declaration of taking has been filed, and a deposit of the amount estimated to be just compensation has been made, under the first section of the Act of February 26, 1931 (46 Stat. 1421). The amount of such deposit for the purpose of this section shall not in any case be less than an amount equal to the actual cost of the housing (not including the value of any improvements installed or constructed with appropriated funds) as certified by the sponsor or owner of the project to the [Federal Housing Commissioner] *Secretary of Housing and Urban Development* pursuant to any statute or any regulation issued by the [Federal Housing Commissioner] *Secretary of Housing and Urban Development*, reduced by the amount of the principal obligation of the mortgage outstanding at the time possession is surrendered, but any such deposit shall not include any excess mortgage proceeds or "windfalls," kickbacks and rebates received in connection with the construction of said housing as determined by the Department of Defense, or any other Federal agency. The amount of such deposit in any case where the sponsor or owner has not certified the cost of the project to the [Federal Housing Commissioner] *Secretary of Housing and Urban Development* at the time of the enactment of the Military Construction Act of 1959 shall be determined by the Secretary of Defense, or his designee, in accordance with the Act of February 26, 1931 (46 Stat. 1421), with a view toward accurately estimating the equity of the sponsor or owner: *Provided*, That in the event there is withdrawn from the registry of the court by the owner or sponsor a sum of money in excess of the final award of just compensation, this excess shall be repaid to the United States plus a sum equal to 4 per centum per annum on such excess from the time such sum is deposited in the registry of the court: *Provided further*, That any court in which money is deposited as provided in this section shall require the furnishing of security by the owner to protect the United States from any loss by reason of a final award of just compensation of less than the amount deposited: *And provided further*, That the deposit required to be made by this section shall be without prejudice to any party in the determination of just compensation. Unless title is in dispute, the court, upon application and subject to the foregoing provisions of this subsection, shall promptly pay to the owner at least 75 per centum of the amount so deposited, but such payment shall be made without prejudice to any party to the proceeding. In the event that condemnation proceedings are instituted in accordance with procedures under such Act of February 26, 1931, the court shall order that the amount deposited shall be paid in a lump sum or over a period not exceeding five years in accordance with stipulations executed by the parties in the proceedings. In connection with condemnation proceedings which do not utilize the procedures under such

Act, the Secretary of Defense or his designee, after final judgment of the court may pay or agree to pay in a lump sum or, in accordance with stipulations executed by the parties to the proceedings, over a period not exceeding five years the difference between the outstanding principal obligation, plus accrued interest, and the price for the property fixed by the court. Unless such payment is made in a lump sum, the unpaid balance thereof shall bear interest at the rate of 4 per centum per annum.

(d) Property acquired under this section may be occupied, used, and improved for the purposes of this section prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended.

(e) The Secretary of Defense or his designee may, in the case of any housing acquired or to be acquired under this section, make arrangements with the mortgagee whereby such mortgagee will agree to release and waive all requirements of accruals for reserves for replacement, taxes, and hazard insurance provided for under the corporate charter and indenture agreement with respect to such housing, upon the execution of a written agreement by the Secretary or his designee that the purposes for which such reserves and other funds were accrued will be carried out.

(f) Repealed.

(g) Repealed.

(h) Repealed.

SEC. 405. The Secretary of Defense or his designee is authorized to maintain and operate any housing acquired under this title and assign quarters therein to military and civilian personnel and their dependents. Appropriations for quarters allowances or appropriate allotments, and rental charges to civilian personnel, may be utilized by the military department concerned for the payment of principal, interest, and other obligations, except those of maintenance and operation, of the mortgagor corporation with respect to such housing projects. Such payments shall not exceed an average of \$90 a month per housing unit and total payments for all housing so acquired shall not exceed \$21,000,000 per month: *Provided*, That, in case of the United States Coast Guard, total payments for all housing so acquired shall not exceed \$90,000 per month.

SEC. 406. Whenever the Secretary of Defense or his designee determines that it is desirable in order to effectuate the purposes of this title, the Secretary is authorized, without regard to the civil service and classification laws, to procure, by negotiation or otherwise, the services of architects and engineers, or organizations thereof, under such arrangements as he deems desirable, but at an expense not in excess of that permissible under the schedule of fees allowed from time to time by the [Public Housing Administration] *Secretary of Housing and Urban Development* in connection with projects assisted under the United States Housing Act of 1937, as amended. Such services may include the development of plans, drawings, and specifications for family housing under this title and other services in connection therewith: *Provided*, That such plans, drawings, and specifications may include the use on any project to be constructed under this title of alternate materials or alternate types of construction, including prefabrication,

that provide substantially equal value and conform to standards established by the [Federal Housing Commissioner] *Secretary of Housing and Urban Development*: *Provided further*, That such plans, drawings, and specifications, when developed pursuant to arrangements made under this section after the date of the enactment of the Housing Act of 1956 shall follow the principle of modular measure, in order that the housing may be built by conventional construction, on-site fabrication, factory precutting, factory fabrication, or any combination of these construction methods: *Provided further*, That the *Secretary of Defense* may designate certain sites or parts thereof for family housing to be furnished from prefabricated houses or housing components. Such arrangements may include provision for advance or progress payments, for payment by third parties, for payment by the Government of any such compensation as it not paid for by third parties, and shall include provision for reimbursement by third parties to the Government of any compensation or other expenses paid by the Government pursuant to this section, and may include other provisions for compensation. Any public works appropriations now or hereafter available to the Departments of the Army, Navy, or Air Force or the Coast Guard may be obligated by the respective departments or the Coast Guard for these purposes. Reimbursements to the Government on account of payments made pursuant to this section shall be made to appropriations against which such payments were charged. The *Secretary of Defense* is further authorized to advance or pay to the [Federal Housing Administration] *Secretary of Housing and Urban Development* its "Appraisal and Eligibility Statement" fees in connection with such family housing. The *Secretary of Defense* is further authorized to enter into arrangements by contract or otherwise for eventual acquisition by the Government, without cost to the Government of all right, title, and interest in sites on which housing is constructed pursuant to this title and improvements thereon.

SEC. 407. (a) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of sections 403 through 406 of this Act.

(b) Any funds heretofore or hereafter authorized to be expended by any of the military departments or the Coast Guard for the payment of allowances for quarters for military personnel may be used for the purposes specified in subsection (a) above.

SEC. 408. Notwithstanding the provisions of section 401 of this Act, the provisions of title VIII of the National Housing Act in effect prior to the enactment of the Housing Amendments of 1955 shall continue in full force and effect with respect to all mortgages insured pursuant to a certification by the *Secretary of Defense* or his designee made on or before June 30, 1955, and a commitment to insure issued on or before June 30, 1956 or pursuant to a certification by the Atomic Energy Commission or its designee made on or before June 30, 1956, except that the maximum dollar amount for each such mortgage shall be \$12,500,000. Nothing contained in the provisions of title VIII of the National Housing Act in effect prior to August 11, 1955, or any related provision of law, shall be construed to exempt from State or local taxes or assessments the interest of a lessee from the Federal Government in or with respect to any property covered by a mortgage insured under such provisions of title VIII: *Provided*, That, no such taxes or assessments (not paid or encumbering such property or in-

terest prior to June 15, 1956) on the interest of such lessee shall exceed the amount of taxes or assessments on other similar property of similar value, less such amount as the Secretary of Defense or his designee determines to be equal to (1) any payments made by the Federal Government to the local taxing or other public agencies involved with respect to such property, plus (2) such amount as may be appropriate for any expenditures made by the Federal Government or the lessee for the provision or maintenance of streets, sidewalks, curbs, gutters, sewers, lighting, snow removal or any other services or facilities which are customarily provided by the State, county, city, or other local taxing authority with respect to such other similar property: *And provided further*, That the provisions of this section shall not apply to properties leased pursuant to the provisions of section 805 of the National Housing Act as amended on or after August 11, 1955, which properties shall be exempt from State or local taxes or assessments.

SEC. 409. (a) Wherever the terms "Secretary of Defense" [or "Secretary"] or "Secretary of the Army, Navy, or Air Force" appear in this title or in title VIII of the National Housing Act, as amended by the Housing Amendments of 1955, they shall be deemed to mean the Secretary of the Treasury in the case of the application of the provisions of this title or of title VIII of the National Housing Act, as amended by the Housing Amendments of 1955, for the benefit of the United States Coast Guard.

(b) Wherever the term "armed services" appears in this title it shall be deemed to include the United States Coast Guard.

SEC. 410. In the construction of housing under the authority of this title and title VIII of the National Housing Act, as amended, the maximum limitations on net floor area for each unit shall be the same as the net floor area limitations prescribed by law (at the time plans and specifications for such construction are begun) for public quarters built with appropriated funds under military construction authority.

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HOUSING ACT OF 1956

[Public Law 1020, 84th Congress]

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HOUSING OF THE ELDERLY

SEC. 104. * * *

(d) The Housing and [Home Finance Administrator] *Secretary of Housing and Urban Development* shall establish, in accordance with the provisions of section 601 of the Housing Act of 1949, as amended, an advisory committee on matters relating to housing for elderly persons.

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RESEARCH

SEC. 602. (a) The [Housing and Home Finance Administrator] *Secretary of Housing and Urban Development* is authorized and directed to undertake such programs of investigation, analysis, and research as he determines to be necessary and appropriate in the exercise

of his responsibilities, including the formulation and carrying out of national housing policies and programs. Without limiting such authority, such programs shall develop and supply data and information on—

(1) the housing inventory of the Nation and the production, use, and demolition and conversion of residential structures, and such other factors as affect the total supply of housing; ¹

(2) mortgage market problems;

(v) the extent to which adequate housing is available to the low-income and middle-income families of the Nation through public and private means;

(4) housing for elderly persons;

(5) residential design, assembly methods, and materials use in relation to cost, utility, and comfort; and

(6) characteristics of current and prospective housing market demand.

(b) (1) In order to permit the **Administrator** *Secretary* to carry out the functions vested in him by subsection (a) of this section, he is hereby authorized to enter into contracts with agencies of State and local governments and educational institutions and other nonprofit organizations and into working agreements with departments and independent establishments and agencies of the Federal Government in accordance with paragraph (3) of this subsection: *Provided*, That the total amount of such contracts and working agreements shall not exceed \$500,000 during the fiscal year 1957, which amount shall be increased by further amounts of \$1,000,000 on July 1, 1957, and July 1, 1958, respectively.

(2) There are hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated such sums as may be necessary to carry out the purposes of this section including administrative expenses which are hereby authorized, and amounts necessary to make payments pursuant to contracts or working agreements authorized under subsection (b) (1) of this section.

(3) The provisions of the third and fourth sentences of subsection (a) of section 301 of the Housing Act of 1948 and of subsection (c) of section 502 of such Act shall apply to contracts and appropriations pursuant to this section.

(c) The **Administrator** *Secretary* may disseminate (without regard to the provisions of section 306 of the Penalty Mail Act of 1948 (39 U.S.C. 321n)) any data or information acquired or held under this section, including related data and information otherwise available to the **Administrator** *Secretary* through the operation of the programs and activities of the **Housing and Home Finance Agency** *Department of Housing and Urban Development*, in such form as he shall determine to be most useful to departments, establishments, and agencies of the Federal Government or State or local governments, to industry and to the general public.

(d) In carrying out the provisions of this section, the **Administrator** *Secretary* is hereby authorized to request and receive such information or data as he deems appropriate from private individuals, organizations, and other public agencies. Any such information or data shall be used only for the purposes for which it is supplied, and

no publication shall be made by the **[Administrator]** *Secretary* whereby the information or data furnished by any particular person or establishment can be identified, except with the consent of such person or establishment.

(e) Nothing contained in this section shall limit any authority of the **[Administrator]** *Secretary* under title III of the Housing Act of 1948, as amended, or any other provision of law.

HOUSING ACT OF 1957

[Public Law 85-104]

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SEC. 104. **[The Federal Housing Commissioner]** *Secretary of Housing and Urban Development*, in establishing maximum loan-to-value ratios for mortgages insured by him under the National Housing Act, as amended by sections 101, 102, and 103 of this Act, shall determine that such ratios are in the public interest after taking into consideration (1) the effect of such ratios on the national economy and on conditions in the building industry, and (2) the availability or unavailability of residential mortgage credit assisted under the Servicemen's Readjustment Act of 1944, as amended.

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EXCHANGE OF DATA

SEC. 604. The **[Housing and Home Finance Administrator]** *Secretary of Housing and Urban Development* shall exchange data relating to housing and urban planning and development with other nations where such exchange is deemed by him to be beneficial to the programs of the **[Housing and Home Finance Agency]** *Department of Housing and Urban Development*.

DISCOUNT CONTROL

SEC. 605. The **[Federal Housing Commissioner]** *Secretary of Housing and Urban Development* shall fix reasonable limits on the charges, fees, and discounts imposed upon the builder, seller, or purchaser in connection with the financing of the construction or sale of any housing covered by a mortgage insured under the National Housing Act, whether or not such charges, fees, and discounts are imposed in connection with the financing under such mortgage. The Administrator of Veterans' Affairs shall fix reasonable limits on the charges, fees, and discounts imposed upon the builder, seller, or purchaser in connection with the financing of the construction or sale of any housing which is built or purchased with a home loan insured or guaranteed under the Servicemen's Readjustment Act of 1944, whether or not such charges, fees, and discounts are imposed in connection with such home loan. Such limits may vary in accordance with the terms of the mortgage involved, the geographical area in which the housing is located, and such other pertinent factors as the **[Commissioner]** *Secretary* or the Administrator deems advisable.

As a condition of eligibility for such guaranty or insurance, the lender shall certify that no charge, fee, or discount has been imposed by it in excess of the limits fixed pursuant to this section.

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HOUSING ACT OF 1959

[Public Law 86-372]

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TITLE II—HOUSING FOR THE ELDERLY OR HANDICAPPED

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LOAN PROGRAM

SEC. 202. (a) (1) The purpose of this section is to assist private non-profit corporations, consumer cooperatives, or public bodies or agencies to provide housing and related facilities for elderly or handicapped families.

(2) In order to carry out the purpose of this section, the [Administrator] *Secretary* may make loans to any corporation (as defined in subsection (d) (2)), to any consumer cooperative, or to any public body or agency for the provisions of rental or cooperative housing and related facilities for elderly or handicapped families, except that (A) no such loan shall be made unless the applicant shows that it is unable to secure the necessary funds from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this section, (B) no such loan shall be made unless the [Administrator] *Secretary* finds that the construction will be undertaken in an economical manner and that it will not be of elaborate or extravagant design or materials, and (C) no such loan shall be made to a public body or agency unless it certifies that it is not receiving financial assistance from the United States exclusively pursuant to the United States Housing Act of 1937.

(3) A loan under this section may be in an amount not exceeding the total development cost (as defined in subsection (d) (3)), as determined by the [Administrator] *Secretary*; shall be secured in such manner and be repaid within such period, not exceeding fifty years, as may be determined by him; and shall bear interest at a rate determined by him which shall be not more than the lower of (A) 3 per centum per annum, or (B) the total of one-quarter of 1 per centum added to the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the date on which the loan is made and adjusted to the nearest one-eighth of 1 per centum.

(4) There is authorized to be appropriated not to exceed \$500,000,-000 which shall constitute a revolving fund to be used by the [Administrator] *Secretary* in carrying out this section.

(b) In the performance of, and with respect to, the functions, powers, and duties vested in him by this section by the [Administrator] *Secretary* shall (in addition to any authority otherwise vested in

him) have the functions, powers, and duties set forth in section 402 (except subsection (c) (2)) of the Housing Act of 1950.

(c)(1) Housing constructed with a loan made under this section shall not be used for transient or hotel purposes while such loan is outstanding.

(2) As used in paragraph (1), the term "transient or hotel purposes" shall have such meaning as may be prescribed by the [Administrator] *Secretary*, but rental for any period less than thirty days shall in any event constitute use for such purposes. The provisions of subsections (f) through (j) of section 513 of the National Housing Act (as added by section 132 of the Housing Act of 1954) shall apply in the case of violations of paragraph (1) as though the housing described in such subsection were multifamily housing (as defined in section 513(e)(2) of the National Housing Act) with respect to which a mortgage is insured under such Act, except that for purposes of this subsection the Administrator shall perform the functions vested in the Commissioner by such section 513].

(3) The [Administrator] *Secretary* shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors and subcontractors in the construction of housing assisted under this section shall be paid wages at rates not less than those prevailing in the locality involved for the corresponding classes of laborers and mechanics employed on construction of a similar character, as determined by the Secretary of Labor in accordance with the Act of March 3, 1931, as amended (the Davis-Bacon Act); but the [Administrator] *Secretary* may waive the application of this paragraph in cases or classes of cases where laborers or mechanics, not otherwise employed at any time in the construction of such housing, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction and the [Administrator] *Secretary* determines that any amounts saved thereby are fully credited to the corporation, cooperative, or public body or agency undertaking the construction.

(d) As used in this section—

(1) The term "housing" means structures suitable for dwelling use by elderly or handicapped families which are (A) new structures, or (B) provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for proposed dwelling use by such families.

(2) The term "corporation" means any incorporated private institution or foundation no part of the net earnings of which inures to the benefit of any private shareholder, contributor, or individual, if such institution or foundation is approved by the Administrator as to financial responsibility.

(3) The term "development cost" means costs of construction of housing and of other related facilities, and of the land on which it is located, including necessary site improvement.

(4) The term "elderly or handicapped families" means families which consist of two or more persons and the head of which (or his spouse) is sixty-two years of age or over or is handicapped, and such term also means a single person who is sixty-two years of age or over or is handicapped. A person shall be considered handicapped if such person is determined, pursuant to regulations issued by the [Administrator] *Secretary*, to have a physical im-

pairment which (A) is expected to be a long-continued and indefinite duration, (B) substantially impedes his ability to live independently, and (C) is of such a nature that such ability could be improved by more suitable housing conditions. The [Administrator] *Secretary* shall prescribe such regulations as may be necessary to prevent abuses in determining, under the definitions contained in this paragraph, the eligibility of families and persons for admission to and occupancy of housing constructed with assistance under this section.

(5) The term "State" includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the possessions of the United States.

[(6) The term "Administrator" means the Housing and Home Finance Administrator.]

"(6) *The term 'Secretary' means the Secretary of Housing and Urban Development.*"

(7) The term "construction" means erection of new structures or rehabilitation, alteration, conversion, or improvement of existing structures.

(8) The term "related facilities" means (A) new structures suitable for use by elderly or handicapped families as cafeterias or dining halls, community rooms or buildings, workshops, or infirmaries or other inpatient or outpatient health facilities, or other essential service facilities, and (B) structures suitable for the above uses provided by rehabilitation, alteration, conversion, or improvement of existing structures which are other wise inadequate for such uses.

(e) Nothing in this section or in regulations promulgated under this section shall prevent a corporation or consumer cooperative from obtaining a loan under this section for the provision of housing and related facilities for elderly or handicapped families, notwithstanding the fact that such corporation or cooperative has theretofore obtained a commitment from the Federal Housing Administration for mortgage insurance under section 231 of the National Housing Act with respect to the housing involved, if (1) such corporation or cooperative is otherwise eligible for such loan under this section, (2) such commitment was obtained prior to the date of enactment of the Housing Act of 1961, and (3) the [Administrator] *Secretary* determines that the financing of such housing through a loan under this section rather than through mortgage insurance under such section 231 is necessary or desirable in order to avoid hardship for the elderly or handicapped families who are the prospective tenants of such housing.

TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

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SEC. 306. (a) * * *

(b) In connection with the sale of any mortgages to the Federal National Mortgage Association pursuant to section 306(e) of the Federal National Mortgage Association Charter Act, the [Housing and Home Finance Administrator] *Secretary of Housing and Urban Development* is authorized, and any other official, unit, or agency selling

such mortgages thereunder is directed, to transfer to the Association from time to time, from authorizations, limitations, and funds available for administrative expenses of such official, unit, or agency in connection with the same mortgages, such amounts thereof as said **[Administrator]** *Secretary* determines to be required for administrative expenses of the Association in connection with the purchase, servicing, and sale of such mortgages: *Provided*, That no such transfer shall be made after a budget estimate of the Association with respect to the same mortgages has been submitted to and finally acted upon by the Congress.

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TITLE VIII—MISCELLANEOUS

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DISPOSAL OF PASSYUNK AND NEWPORT WAR HOUSING PROJECTS

SEC. 802. (a) The use of projects PA-36011 and PA-36012 (which were conveyed to the Housing Authority of Philadelphia, Pennsylvania, under section 406(c) of the Housing Act of 1956) for the housing of military personnel and civilians employed in defense activities without regard to their income and the giving of a preference in respect of 700 dwelling units in such projects for such military personnel as the Secretary of Defense or his designee prescribes, for a period of five years after the date of the conveyance of such projects, is hereby authorized; and such use and the giving of such preferences shall not deprive such projects of their status as "low-rent housing" as that term is used and defined in the United States Housing Act of 1937 and within the meaning of that term as used in section 606(b) of the Act entitled "An Act to expedite the provision of housing in connection with national defense, and for other purposes", approved October 14, 1940, as amended. **[The Housing and Home Finance Administrator]** *Secretary of Housing and Urban Development* is authorized and directed to agree to any amendments to the instruments of conveyance which may be required to give effect to the purposes of this section.

(b) Section 406(c) of the Housing Act of 1956 is amended by striking out "three years" in the first proviso and inserting in lieu thereof "five years".

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DISPOSAL OF PROJECT

SEC. 808. Notwithstanding any other provision of law, the **[Housing and Home Finance Administrator]** *Secretary of Housing and Urban Development* may, whenever he deems it desirable, in the public interest, and in the fulfillment of the purposes of title VI of the Act of October 14, 1940, as amended (42 U.S.C. 1587), with respect to a housing project known as the Southmore Mutual Housing Corporation Project of South Bend, Indiana, consent to the modification, with respect to purchase price, repayment period, rate of interest, time of payment of any installment on principal or interest, security,

or any other term, of any contract, sale, mortgage, or other agreement with respect to such project or any part thereof.

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HOUSING ACT OF 1961

[Public Law 87-70]

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TITLE II—HOUSING FOR ELDERLY PERSONS AND LOW INCOME FAMILIES

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DEMONSTRATION PROGRAMS

SEC. 207. The [Housing and Home Finance Administrator] *Secretary of Housing and Urban Development* is authorized to enter into contracts to make grants, not exceeding \$15,000,000 to public or private bodies or agencies, subject to such terms and conditions as he shall prescribe, for the purposes of developing and demonstrating new or improved means of providing housing for low income persons and families, and of demonstrating the types of housing and the means of providing housing that will assist low income persons or families who qualify as handicapped families as defined in section 202 of the Housing Act of 1959. Advances and progress payments may be made, under any contract to make grants under this section, without regard to the provisions of section 3648 of the Revised Statutes.

TITLE III—URBAN RENEWAL AND PLANNING

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CREDIT FOR COST OF SCHOOL CONSTRUCTION

SEC. 312. No public facility, the provision of which is otherwise eligible as a local grant-in-aid for any urban renewal project receiving assistance under title I of the Housing Act of 1949 in the city of Roanoke, Virginia, and the construction of which was commenced prior to January 1, 1961, shall be deemed to be ineligible as a local grant-in-aid because of any change in the urban renewal plan for such project which is determined by the [Housing and Home Finance Administrator] *Secretary of Housing and Urban Development* to have resulted from the proposed location within the urban renewal area in which such project was undertaken of a Federally-aided highway. For the purpose of computing the portion of the cost of any such facility which may be allowed as a local grant-in-aid, the degree of benefit of the facility to such urban renewal area shall be based on the latest estimate of benefit submitted by the local public agency and accepted by the [Administrator] *Secretary* prior to such change in the urban renewal plan.

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TITLE VII—OPEN SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT

FINDINGS AND PURPOSE

SEC. 701. (a) The Congress finds that a combination of economic, social, governmental, and technological forces have caused a rapid expansion of the Nations urban areas, which has created critical problems of service and finance for all levels of government and which, combined with a rapid population growth in such areas, threatens severe problems of urban and suburban living, including the loss of valuable open-space land in such areas, for the preponderant majority of the Nations present and future population.

(b) The Congress further finds that there is an urgent need both for the additional provision of parks and other open-space areas in the developed portions of the Nation's urban areas, *for the development and redevelopment of existing parks and other open space*, and for greater and better coordinated local efforts to beautify and improve open space and other public land throughout urban areas to facilitate their increased use and enjoyment by the Nation's urban population.

(c) It is the purpose of this title to help curb urban sprawl and prevent the spread of urban blight and deterioration, to encourage more economic and desirable urban development, and to help provide necessary recreational, conservation, and scenic areas by assisting State and local governments in taking prompt action to (1) provide, preserve, and develop open-space land which is essential to the proper long-range development and welfare of the Nation's urban areas, in accordance with plans for the allocation of such land for open-space uses, and (2) beautify and improve open space and other public urban land, in accordance with programs to encourage and coordinate local public and private efforts toward this end.

GRANTS FOR PRESERVATION AND DEVELOPMENT OF OPEN-SPACE LAND

SEC. 702. (a) In order to encourage and assist in the timely acquisition and development of land to be used as permanent open-space land, as defined herein, the [Housing and Home Finance Administrator (hereinafter referred to as the "Administrator")] *Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary")* is authorized to enter into contracts to make grants to States and local public bodies to help finance the acquisition of title to, or other permanent interests in, such land, and the development, for open-space uses, of land acquired under this title, *or the development or redevelopment, for open-space uses, of existing open-space land*. The amount of any such grant shall not exceed 50 per centum of the total cost, as approved by the [Administrator] *Secretary*, of such acquisition and development *or such development or redevelopment*. The faith of the United States is pledged to the payment of all grants contracted for under this title.

(b) The [Administrator] *Secretary* may enter into contracts to make grants under this title aggregating not to exceed \$310,000,000: *Provided*, That of such sum the [Administrator] *Secretary* may contract to make grants under section 705 aggregating not to exceed

\$64,000,000, and grants under section 706 aggregating not to exceed \$36,000,000. There are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, the amounts necessary to provide for the payment of such grants as well as to carry out all other purposes of this title. All funds so appropriated shall remain available until expended.

(c) No grants under this title shall be used to defray ordinary State or local governmental expenses, or to help finance the acquisition by a public body of land located outside the urban area for which it exercises (or participates in the exercise of) responsibilities consistent with the purpose of this title.

(d) The [Administrator] *Secretary* may set such further terms and conditions for assistance under this title as he determines to be desirable.

(e) The [Administrator] *Secretary* shall consult with the Secretary of the Interior on the general policies to be followed in reviewing applications for grants. To assist the [Administrator] *Secretary* in such review, the Secretary of the Interior shall furnish him appropriate information on the status of recreational planning for the areas to be assisted with the grants. The [Administrator] *Secretary* shall provide current information to the [Secretary from time to time] *Secretary of the Interior from time to time* on significant program developments.

(f) *No grant under this title shall be made to any community having a median family income of over \$15,000.*

PLANNING REQUIREMENTS

SEC. 703. (a) The [Administrator] *Secretary* shall enter into contracts to make grants under sections 702 and 705 of this title only if he finds that such assistance is needed for carrying out a unified or officially coordinated program, meeting criteria established by him, for the provision and development of open-space land as part of the comprehensively planned development of the urban area.

(b) In extending financial assistance under this title, the [Administrator] *Secretary* shall take such action as he deems appropriate to assure that local governing bodies are preserving a maximum of open-space land, with a minimum of cost, through the use of existing public land; the use of special tax, zoning, and subdivision provisions; and the continuation of appropriate private use of open-space land through acquisition and leaseback, the acquisition of restrictive easements, and other available means.

CONVERSIONS TO OTHER USES

SEC. 704. No open-space land for the acquisition of which a grant has been made under this title shall, without the approval of the [Administrator] *Secretary*, be converted to uses other than those originally approved by him. The [Administrator] *Secretary* shall approve no conversion of land from open-space use unless he finds that such conversion is essential to the orderly development and growth of the urban area involved and is in accord with the then applicable comprehensive plan, meeting criteria established by him. The [Admin-

istrator] *Secretary* shall approve any such conversion only upon such conditions as he deems necessary to assure the substitution of other open-space land of at least equal fair market value and of as nearly as feasible equivalent usefulness and location.

GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-UP URBAN AREAS

SEC. 705. The [Administrator] *Secretary* is further authorized to enter into contracts to make grants to States and local public bodies to help finance the acquisition of title to, or other permanent interests in, developed land in built-up portions of urban areas to be cleared and used as permanent open-space land. The [Administrator] *Secretary* shall make such grants only where the local governing body determines that adequate open-space land cannot effectively be provided through the use of existing undeveloped or predominantly undeveloped land. Grants under this section shall not exceed 50 per centum of the cost of acquiring such interests and of necessary demolition and removal of improvements.

GRANTS FOR URBAN BEAUTIFICATION AND IMPROVEMENT

SEC. 706. The [Administrator] *Secretary* is authorized to enter into contracts to make grants, as herein provided, to States and local public bodies to assist in carrying out local programs for the greater use and enjoyment of open-space and other public land in urban areas. The [Administrator] *Secretary* shall establish criteria for such programs to assure that each program (1) represents significant and effective efforts, involving all available public and private resources, for the beautification of such land and its improvement for open-space uses; and (2) is important to the comprehensively planned development of the locality. Grants made under this section shall not exceed 50 per centum of the amount by which the cost of the activities carried on by an applicant during a fiscal year under an approved program exceeds its usual expenditures for comparable activities: *Provided, That*, notwithstanding any other provision of this section, the [Administrator] *Secretary* may use not to exceed \$5,000,000 of the sum authorized for contracts under this section for the purpose of entering into contracts to make grants in amounts not to exceed 90 per centum of the cost of activities which he determines have special value in developing and demonstrating new and improved methods and materials for use in carrying out the purposes of this section.

LABOR STANDARDS

SEC. 707. (a) The [Administrator] *Secretary* shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed with the assistance of grants under this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. The [Administrator] *Secretary* shall not approve any such grant without first

obtaining adequate assurance that these labor standards will be maintained upon the construction work.

(b) The Secretary of Labor shall have, with respect to the labor standards specified in subsection (a), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c).

TECHNICAL ASSISTANCE, STUDIES, AND PUBLICATION OF INFORMATION

SEC. 708. In order to carry out the purpose of this title the [Administrator] *Secretary* is authorized to provide technical assistance to State and local public bodies and to undertake such studies and publish such information, either directly or by contract, as he shall determine to be desirable.

The [Administrator] *Secretary* is authorized to use during any fiscal year not to exceed \$50,000 of the funds available for grants under this title to undertake such studies and publish such information. Nothing contained in this section shall limit any authority of the [Administrator] *Secretary* under any other provision of law.

DEFINITIONS

SEC. 709. As used in this title—

(1) The term “open-space land” means any undeveloped or predominantly undeveloped land in an urban area which has value for (A) park and recreational purposes, (B) conservation of land and other natural resources, or (C) historic or scenic purposes.

(2) The term “urban area” means any area which is urban in character, including those surrounding areas which, in the judgment of the [Administrator] *Secretary*, form an economic and socially related region, taking into consideration such factors as present and future population trends and patterns of urban growth, location of transportation facilities and systems, and distribution of industrial, commercial, residential, governmental, institutional, and other activities.

(3) The term “State” means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam.

(4) The term “open-space uses” means any use of open-space land for (A) park and recreational purposes, (B) conservation of land and other natural resources, or (C) historic or scenic purposes.

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TITLE IX—MISCELLANEOUS

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DISPOSAL OF NATHANAEL GREENE VILLA HOUSING PROJECT

SEC. 905. Notwithstanding the provisions of section 606 of the Act entitled “An Act to expedite the provision of housing in connection with national defense, and for other purposes”, approved October 14, 1940, as amended, and any agreements entered into thereunder, the [Housing and Home Finance Administrator and the Public Housing Administration are] *Secretary of Housing and Urban Develop-*

ment is authorized and directed to agree to the sale by the Housing Authority of Savannah, Georgia, to the city of Savannah, Georgia, of all right, title, and interest in and to Nathanael Greene Villa (low-rent Housing project GA-2-8; formerly war housing project GA-9041), for a total price of \$275,000, which shall be paid to the [Administration] *Secretary* and deposited by the [Administration] *Secretary* in the Treasury as miscellaneous receipts in accordance with section 606(d) of such Act.

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SENIOR CITIZENS HOUSING ACT OF 1962

[Public Law 87-723]

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SEC. 2. The Congress finds that there is a large and growing need for suitable housing for older people both in urban and rural areas. Our older citizens face special problems in meeting their housing needs because of the prevalence of modest and limited incomes among the elderly, their difficulty in obtaining liberal long-term home mortgage credit, and their need for housing planned and designed to include features necessary to the safety and convenience of the occupants in a suitable neighborhood environment. The Congress further finds that the present programs for housing the elderly under the [Housing and Home Finance Agency] *Department of Housing and Urban Development* have proven the value of Federal credit assistance in this field and at the same time demonstrated the urgent need for an extended and more comprehensive effort to meet our responsibilities to our senior citizens.

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HOUSING ACT OF 1964

[Public Law 88-560]

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TITLE I—AMENDMENTS TO THE NATIONAL HOUSING ACT

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FAMILY UNIT LIMITS ON FHA RENTAL HOUSING

SEC. 107. (a) * * *

(g) If the [Federal Housing Commissioner] *Secretary of Housing and Urban Development* determines that it would be inequitable to apply the provisions of the National Housing Act as amended by this section to a project which had been submitted for his consideration prior to the date of the enactment of this Act, such provisions may be applied to such project without regard to the amendments made by this section.

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TITLE III—URBAN RENEWAL

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REHABILITATION LOANS

SEC. 312. (a) To assist rehabilitation in an urban renewal area or an area in which a program of concentrated code enforcement activities is being carried out pursuant to section 117 of the Housing Act of 1949 and thereby reduce the need for demolition and removal of structures, the [Housing and Home Finance Administrator] *Secretary of Housing and Urban Development* is hereby authorized, through the utilization of local public and private agencies where feasible, to make loans as herein provided to the owners or tenants of property in such area to finance rehabilitation required to make the property conform to applicable code requirements or to carry out the objectives of the urban renewal plan for the area. No loan shall be made under this section unless the [Administrator] *Secretary* finds (1) that the applicant is unable to secure the necessary funds from other sources upon comparable terms and conditions, and (2) the loan is an acceptable risk taking into consideration the need for the rehabilitation, the security available for the loan, and the ability of the applicant to repay the loan.

(b) For the purposes of this section—

(1) the term “rehabilitation” means the improvement or repair of a structure or facilities in connection with a structure, and may include the provision of such sanitary or other facilities as are required by applicable codes or the urban renewal plan to be provided by the owner or tenant of the property;

(2) the term “urban renewal area” means a slum area or a blighted, deteriorated, or deteriorating area as defined in section 110(a) of the Housing Act of 1949;

(3) the term “tenant” means a person or organization who is occupying a structure under a lease having a period to run at the time a rehabilitation loan is made under this section of not less than the term of the loan; and

[(4) the term “Administrator” means the Housing and Home Finance Administrator.] (4) the term “Secretary” means the *Secretary of Housing and Urban Development*.

(c) A rehabilitation loan made under this section shall be subject to the following limitations:

(1) The loan shall be subject to such terms and conditions as may be prescribed by the [Administrator] *Secretary*.

(2) The term of the loan may not exceed twenty years or three-fourths of the remaining economic life of the structure after rehabilitation, whichever is less.

(3) The loan shall bear interest at such rate as the [Administrator] *Secretary* determines to be appropriate but not to exceed 3 per centum per annum of the amount of the principal outstanding at any time, and the [Administrator] *Secretary* may prescribe such other charges as he finds necessary, including service charges and appraisal, inspection, and other fees.

(4) The amount of the loan may not exceed—

(A) in the case of residential property, the amount of a loan which could be insured by the **[Federal Housing Commissioner]** *Secretary of Housing and Urban Development* under section 220 (h) of the National Housing Act: *Provided*, That, within the limitations otherwise applicable on the amount of a loan under such section, the loan may exceed the cost of rehabilitation in order to include an amount approved by the **[Administrator]** *Secretary* to refinance existing indebtedness secured by such property if such refinancing is necessary to enable the applicant to amortize, with a monthly payment of not more than 20 per centum of his average monthly income, such loan and any other indebtedness secured by his property; and

(B) in the case of nonresidential property, whichever of the following is the least: \$50,000, or the cost of rehabilitation, or an amount which when added to any outstanding indebtedness related to the property securing the loan creates a total outstanding indebtedness that the **[Administrator]** *Secretary* determines could be reasonably secured by a first mortgage on the property.

(5) A loan shall be secured as determined by the **[Administrator]** *Secretary*.

(d) There is authorized to be appropriated not to exceed \$100,000,000 for each fiscal year which shall constitute a revolving fund to be used by the **[Administrator]** *Secretary* in carrying out this section. All moneys in such revolving fund shall be available for necessary expenses of serving loans made pursuant to this section, including reimbursement or payment for services and facilities of the Federal National Mortgage Association and of any public or private agency for the servicing of such loans.

(e) In the performance of, and with respect to, the functions, powers, and duties vested in him by this section, the **[Administrator]** *Secretary* shall have (in addition to any authority otherwise vested in him) the functions, powers, and duties set forth in section 402 of the Housing Act of 1950 (except subsection (c) (2)).

(f) The **[Administrator]** *Secretary* is authorized to delegate to or use as his agent any Federal or local public or private agency or organization to the extent he determines appropriate and desirable to carry out the objectives of this section in the area involved.

(g) The **[Administrator]** *Secretary* is authorized to issue such rules and regulations and impose such requirements and conditions (in addition to those specified in this section) as he determines to be desirable to carry out the objectives of this section, including limitations on the amount of a loan and restrictions on the use of the property involved.

(h) No loan shall be made under the authority of this section after October 1, 1969, except pursuant to a contract, commitment, or other obligation entered into pursuant to this section before that date.

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PLANNING PROBLEMS RESULTING FROM CHAMIZAL TREATY OF 1963

SEC. 318. Notwithstanding the provisions of section 701 of the Housing Act of 1954 with respect to the eligibility of a city for a grant thereunder, the **[Housing and Home Finance Administrator]** *Secre-*

tary of Housing and Urban Development is authorized to make planning grants to the city of El Paso, Texas, for the purpose of assisting it to solve those urban planning problems that have resulted or are expected to result from the Chamizal Treaty of 1963 between the United of America and the Republic of Mexico. Any such grants shall be subject to all other conditions and requirements contained in such section 701.

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TITLE VIII—TRAINING AND FELLOWSHIP PROGRAMS

PART 1—FEDERAL-STATE TRAINING PROGRAMS

FINDINGS AND PURPOSE

SEC. 801. (a) The Congress finds that the rapid expansion of the Nation's urban areas and urban population has caused severe problems in urban and suburban development and created a national need to (1) provide special training in skills needed for economic and efficient community development and (2) support research in new or improved methods of dealing with community development problems.

(b) It is the purpose of this part to assist and encourage the States, in cooperation with public or private universities and colleges and urban centers, to (1) organize, initiate, develop, and expand programs which will provide special training in skills needed for economic and efficient community development to those technical and professional people who are, or are training to be, employed by a governmental or public body which has responsibility for community development; and (2) support State and local research that is needed in connection with housing programs and needs, public improvement programing, code problems, efficient land use, urban transportation, and similar community development problems.

MATCHING GRANTS TO STATES

SEC. 802. (a) Subject to the provisions of this part and in accordance with regulations prescribed by him, the [Administrator] *Secretary* may make matching grants to States to assist in—

(1) organizing, initiating, developing, or expanding programs to provide special training in skills needed for economic and efficient community development to those technical and professional people who are, or are training to be, employed by a governmental or public body which has responsibilities for community development; and

(2) supporting State and local research that is needed in connection with housing programs and needs, public improvement programing, code problems, efficient land use, urban transportation, and similar community development problems, and collecting, collating, and publishing statistics and information relating to such research.

(b) No grants may be made to a State under this part unless the [Administrator] *Secretary* has approved a plan for the State which—

(1) sets forth the proposed use of the funds and the objectives to be accomplished;

(2) explains the method by which the required amounts from non-Federal sources will be obtained;

(3) provides such fiscal control and fund accounting procedures as may be reasonably necessary to assure proper disbursement of, and accounting for, Federal funds paid to the State under this part;

(4) designates an officer or agency of the State government who has responsibility and authority for the administration of a statewide research and training program as the officer or agency with responsibility and authority for the execution of the State program under this part; and

(5) provides that such officer or agency will make such reports to the [Administrator] *Secretary*, in such form, and containing such information, as may be reasonably necessary to enable the [Administrator] *Secretary* to perform his duties under this part.

(c) No grant may be made under this part for any use unless an amount at least equal to such grant is made available from non-Federal sources for the same purpose and for concurrent use.

(d) There is authorized to be appropriated for grants under this part, without fiscal year limitation, not to exceed \$30,000,000.

STATE LIMIT

SEC. 803. Not more than 10 per centum of the total amount appropriated for the purposes of this part may be used for making grants to any one State.

TECHNICAL ASSISTANCE, STUDIES, AND PUBLICATION OF INFORMATION

SEC. 804. In order to carry out the purpose of this part, the [Administrator] *Secretary* is authorized to provide technical assistance to State and local governmental or public bodies and to undertake such studies and publish and distribute such information, either directly or by contract, as he shall determine to be desirable. Nothing contained in this part shall limit any authority of the [Administrator] *Secretary* under any other provision of law.

MISCELLANEOUS

SEC. 805. (a) As used in this part, the term "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands; and the term ["Administrator"] *Secretary* means the Housing and Home Finance Administrator] "*Secretary*" means the *Secretary of Housing and Urban Development*.

(b) There are authorized to be appropriated such sums as may be necessary for administrative and other expenses in carrying out this part.

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PART 2—FELLOWSHIPS FOR CITY PLANNING AND URBAN STUDIES

SEC. 810. (a) There is hereby authorized to be appropriated not to exceed \$500,000 annually, for a three-year period commencing on July 1, 1964, to be used by the [Housing and Home Finance Administrator] *Secretary of Housing and Urban Development* for the purpose

of providing fellowships for the graduate training of professional city planning and urban and housing technicians and specialists as herein provided. Persons shall be selected for such fellowships solely on the basis of ability and upon the recommendation of the Urban Studies Fellowship Advisory Board established pursuant to subsection (b). Fellowships shall be solely for training in public and private nonprofit institutions of higher education having programs of graduate study in the field of city planning or in related fields (including architecture, civil engineering, economics, municipal finance, public administration, and sociology), which programs are oriented to training for careers in city and regional planning, housing, urban renewal, and community development.

(b) There is hereby established the Urban Studies Fellowship Advisory Board (hereinafter referred to as the "Board"), which shall consist of nine members to be appointed by the [Housing and Home Finance Administrator] *Secretary of Housing and Urban Development* as follows: Three from public institutions of higher learning, and three from private nonprofit institutions of higher education, who are the heads of departments which provide academic courses appropriately related to the fields referred to in subsection (a), and three from national organizations which are directly concerned with problems relating to urban, regional, and community development. The Board shall meet upon the request of the [Administrator] *Secretary* and shall make recommendations to him with respect to persons to be selected for fellowships under this section. Members of the Board shall be entitled to receive transportation expenses and a per diem in lieu of subsistence as authorized for members of advisory committees created pursuant to section 601 of the Housing Act of 1949.

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TITLE X—MISCELLANEOUS

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FOREST HILLS PROJECT IN PADUCAH, KENTUCKY

SEC. 1005. The [Federal Housing Commissioner] *Secretary of Housing and Urban Development* is authorized and directed to sell to the Paducah-McCracken County Development Council, Incorporated, of Paducah, Kentucky, for use as a public facility (including such use by the Paducah Junior College as may be deemed appropriate by such Council), and for a total price of \$1,000,000, all right, title, and interest of the United States in and to the housing project in Paducah known as Forest Hills (a project constructed under title VIII of the National Housing Act as in effect prior to August 11, 1955, and subsequently acquired by the [Federal Housing Administration] *Department of Housing and Urban Development*).

PAYMENT IN LIEU OF TAXES BY HAWAII HOUSING AUTHORITY

SEC. 1006. Notwithstanding the provisions of any other law or any contract or rule of law, the [Public Housing Commissioner] *Secretary of Housing and Urban Development* shall approve a payment in lieu of taxes to be made for the fiscal year ended June 30, 1959, in the

amount of \$24,167.78, by the Hawaii Housing Authority to the city and county of Honolulu.

TRANSFER OF LAND FOR URBAN RENEWAL PURPOSES BY PHILADELPHIA HOUSING AUTHORITY

SEC. 1007. (a) Notwithstanding the provisions of title I of the Housing Act of 1949 and the United States Housing Act of 1937, the [Housing and Home Finance Administrator and the Public Housing Commissioner are] *Secretary of Housing and Urban Development* is authorized and directed to consent to the transfer by the Philadelphia Housing Authority to the Philadelphia Redevelopment Authority of all property acquired by the Housing Authority for low-rent housing project numbered Pennsylvania 2-51, on condition that (1) an amount which, together with any funds of the Housing Authority available for the purpose, is sufficient to pay and discharge all obligations incurred by the Housing Authority in connection with such low-rent housing project and owing at the time of transfer, will be paid by the Redevelopment Authority to the [Public Housing Administration] *Secretary* to be applied in satisfaction of the Housing Authority's obligations which it cannot meet with its own funds available for the purpose, and (2) the total amount so paid by the Redevelopment Authority will be included in the gross project cost of its Whitman urban renewal project, Pennsylvania R-35.

(b) The [Housing and Home Finance Administrator and the Public Housing Commissioner are] *Secretary of Housing and Urban Development* is authorized to modify any contracts heretofore entered into and to take any other appropriate action necessary to carry out the provisions of subsection (a).

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HOUSING AND URBAN DEVELOPMENT ACT OF 1965

[Public Law 89-117]

TITLE I—SPECIAL PROVISIONS FOR DISADVANTAGED PERSONS

FINANCIAL ASSISTANCE TO ENABLE CERTAIN PRIVATE HOUSING TO BE AVAILABLE FOR LOWER INCOME FAMILIES WHO ARE ELDERLY, HANDICAPPED, DISPLACED, VICTIMS OF A NATURAL DISASTER, OR OCCUPANTS OF SUBSTANDARD HOUSING

SEC. 101. (a) The [Housing and Home Finance Administrator (hereinafter referred to as the "Administrator")] *Secretary of Housing and Urban Development* (hereinafter referred to as the "Secretary") is authorized to make, and contract to make, annual payments to a "housing owner" on behalf of "qualified tenants", as those terms are defined herein, in such amounts and under such circumstances as are prescribed in or pursuant to this section. In no case shall a contract provide for such payments with respect to any housing for a

period exceeding forty years. The aggregate amount of the contracts to make such payments shall not exceed amounts approved in appropriation Acts and payments pursuant to such contracts shall not exceed \$30,000,000 per annum prior to July 1, 1966, which maximum dollar amount shall be increased by \$35,000,000 on July 1, 1966, by \$40,000,000 on July 1, 1967, and by \$45,000,000 on July 1, 1968.

(b) As used in this section, the term "housing owner" means a private nonprofit corporation or other private nonprofit legal entity, a limited dividend corporation or other limited dividend legal entity, or a cooperative housing corporation, which is a mortgagor under section 221(d)(3) of the National Housing Act and which, after the enactment of this section, has been approved for mortgage insurance thereunder and has been approved for receiving the benefits of this section: *Provided*, That, except as provided in subsection (j), no payments under this section may be made with respect to any property financed with a mortgage receiving the benefits of the interest rate provided for in the proviso in section 221(d)(5) of that Act. Subject to the limitations provided in subsection (j), the term "housing owner" also has the meaning prescribed in such subsection.

(c) As used in this section, the term "qualified tenant" means any individual or family who has, pursuant to criteria and procedures established by the [Administrator] *Secretary*, been determined—

(1) to have an income below the maximum amount which can be established in the area, pursuant to the limitations prescribed in sections 2(2) and 15(7)(b)(ii) of the United States Housing Act of 1937, for occupancy in public housing dwellings; and

(2) to be one of the following—

- (A) displaced by governmental action;
- (B) sixty-two years of age or older (or, in the case of a family to have a head who is, or whose spouse is, sixty-two years of age or over);
- (C) physically handicapped (or, in the case of a family, to have a head who is, or whose spouse is, physically handicapped);
- (D) occupying substandard housing; or
- (E) an occupant or former occupant of a dwelling which is (or was) situated in an area determined by the Small Business Administration, subsequent to April 1, 1965, to have been affected by a natural disaster, and which has been extensively damaged or destroyed as the result of such disaster.

The terms "qualified tenant" and "tenant" include a member of a cooperative who satisfies the foregoing requirements and who, upon resale of his membership to the cooperative, will not be reimbursed for any equity increment accumulated through payments under this section. With respect to members of a cooperative, the terms "rental" and "rental charges" mean the charges under the occupancy agreements between such members and the cooperative.

(d) The amount of the annual payment with respect to any dwelling unit shall not exceed the amount by which the fair market rental for such unit exceeds one-fourth of the tenant's income as determined by the [Administrator] *Secretary* pursuant to procedures and regulations established by him.

(e) (1) For purposes of carrying out the provisions of this section, the **[Administrator]** *Secretary* shall establish criteria and procedures for determining the eligibility of occupants and rental charges, including criteria and procedures with respect to periodic review of tenant incomes and periodic adjustment of rental charges. The **[Administrator]** *Secretary* shall issue, upon the request of a housing owner, certificates as to the following facts concerning the individuals and families applying for admission to, or residing in, dwellings of such owner:

(A) the income of the individual or family; and

(B) whether the individual or family was displaced by governmental action, is elderly, is physically handicapped, or is (or was) occupying substandard housing or housing extensively damaged or destroyed as the result of a natural disaster.

(2) Procedures adopted by the **[Administrator]** *Secretary* hereunder shall provide for recertifications of the incomes of occupants, except the elderly, at intervals of two years (or at shorter intervals in cases where the **[Administrator]** *Secretary* may deem it desirable) for the purpose of adjusting rental charges and annual payments on the basis of occupants' incomes, but in no event shall rental charges adjusted under this section for any dwelling exceed the fair market rental of the dwelling.

(3) The **[Administrator]** *Secretary* may enter into agreements, or authorize housing owners to enter into agreements, with public or private agencies for services required in the selection of qualified tenants, including those who may be approved, on the basis of the probability of future increases in their incomes, as lessees under an option to purchase (which will give such approved qualified tenants an exclusive right to purchase at a price established or determined as provided in the option) dwellings, and in the establishment of rentals. The **[Administrator]** *Secretary* is authorized (without limiting his authority under any other provision of law) to delegate to any such public or private agency his authority to issue certificates pursuant to this subsection.

(4) No payments under this section may be made with respect to any property for which the costs of operation (including wages and salaries) are determined by the **[Administrator]** *Secretary* to be greater than similar costs of operation of similar housing in the community where the property is situated.

(f) * * *

(g) The **[Administrator]** *Secretary* is authorized to make such rules and regulations, to enter into such agreements, and to adopt such procedures as he may deem necessary or desirable to carry out the provisions of this section. **[Nothing contained in this section shall affect the authority of (1) the Federal Housing Commissioner with respect to any housing assisted under this section and under sections 221(d)(3) and 231(c)(3) of the National Housing Act, or (2) the Housing and Home Finance Administrator with respect to any housing assisted under this section and under section 202 of the Housing Act of 1959, including the authority to prescribe occupancy**

requirements under other provisions of law or to determine the portion of any such housing which may be occupied by qualified tenants.】
Nothing contained in this section shall affect the authority of the Secretary of Housing and Urban Development with respect to any housing assisted under this section, section 221(d)(5), or 231(c)(3) of the National Housing Act, or section 202 of the Housing Act of 1959, including the authority to prescribe occupancy requirements under other provisions of law or to determine the portion of such housing which may be occupied by qualified tenants.

(h) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, including, but not limited to, such sums as may be necessary to make annual payments as prescribed in this section, pay for services provided under (or pursuant to agreements entered into under) subsection (e), and provide administrative expenses.

(i) * * *

(j) (1) For the purpose of assisting housing under this section on an experimental basis, subject to the limitations of this subsection, the term "housing owner" (in addition to the meaning prescribed in subsection (b)) includes—

(A) a private nonprofit corporation or other private nonprofit legal entity, a limited dividend corporation or other limited dividend legal entity, or a cooperative housing corporation, which is a mortgagor under a mortgage which receives the benefits of the interest rate provided for in the proviso in section 221(d)(5) of the National Housing Act and which, after the date of the enactment of this Act, has been approved for mortgage insurance under section 221(d)(3) of the National Housing Act and has been approved for receiving the benefits of this section;

(B) a private nonprofit corporation or other private nonprofit legal entity which is a mortgagor under a mortgage insured under section 231(c)(3)⁴ of the National Housing Act and which, after the date of the enactment of this Act, has obtained final endorsement of such mortgage for mortgage insurance and has been approved for receiving the benefits of this section; and

(C) a private nonprofit corporation, a public body or agency, or a cooperative housing corporation, which is a borrower under section 202 of the Housing Act of 1959 and has been approved for receiving the benefits of this section: *Provided*, That, with respect to properties financed with loans under such section made on or before the date of the enactment of this Act, payments shall not be made with respect to more than 20 per centum of the dwelling units in any property so financed.

(2) Of the amounts approved in appropriation Acts pursuant to subsection (a) for payments under this section in any year, not more than 5 per centum in the aggregate shall be paid with respect to properties of housing owners as defined in paragraph (1)(A) of this subsection, and not more than 5 per centum in the aggregate shall be paid with respect to properties of housing owners as defined in paragraphs (1)(B) and (1)(C) of this subsection.

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DIRECT LOANS TO PROVIDE HOUSING FOR THE ELDERLY OR HANDICAPPED

SEC. 105. (a) Section 202(a)(4) of the Housing Act of 1959 is amended by striking out “\$350,000,000” and inserting in lieu thereof “\$500,000,000”.

(b) (1) [Effective with respect to loans made on or after the date of the enactment of this Act, section] *Section 202 (a) (3) of such Act is amended by striking out “the higher of (A) 2¾ per centum per annum, or” and inserting in lieu thereof “the lower of (A) 3 per centum per annum, or”.*

(2) The interest rate provided by the amendment made in paragraph (1) shall be applicable (A) with respect to any loan made on or after August 10, 1965, and (B) with respect to any loan made prior to such date if construction of the housing or related facilities to be assisted by such loan was not commenced prior to such date, and not completed prior to the filing of an application for the benefits of such interest rate.

* * * * *

MORTGAGE RELIEF FOR HOMEOWNERS WHO ARE UNEMPLOYED AS THE RESULT OF THE CLOSING OF A FEDERAL INSTALLATION

SEC. 107. (a) For the purposes of this section—

(1) The term “mortgage” means a mortgage which (A) is insured under the National Housing Act, or (B) secures a home loan guaranteed or insured under the Servicemen’s Readjustment Act of 1944 or chapter 37 of title 38, United States Code.

(2) The term “Federal mortgage agency” means—

(A) the [Federal Housing Commissioner] *Secretary of Housing and Urban Development* when used in connection with mortgages insured under the National Housing Act, and

(B) the Administrator of Veterans’ Affairs when used in connection with mortgages securing home loans guaranteed or insured under the Servicemen’s Readjustment Act of 1944 or chapter 37 of title 38, United States Code.

(3) The term “distressed mortgagor” means an individual who—

(A) is unemployed, although willing to work, as the result of the closing (in whole or in part) of a Federal installation, and

(B) is the owner-occupant of a dwelling upon which there is a mortgage securing a loan which is in default because of the inability of such individual to make payments of principal and/or interest under such mortgage.

(b) (1) Any distressed mortgagor, for the purpose of avoiding foreclosure of his mortgage, may apply to the appropriate Federal mortgage agency for a determination that suspension of his obligation to make payments of principal and/or interest under such mortgage during a temporary period is necessary in order to avoid such foreclosure.

(2) Upon receipt of an application made under this subsection by a distressed mortgagor, the Federal mortgage agency shall issue to such mortgagor a certificate of moratorium if it determines, after consultation with the interested mortgagee, that—

(A) the mortgagor is not in default with respect to any condition or covenant of the mortgage other than that requiring the payment of installments of principal and/or interest under the mortgage, and

(B) such action is the only available means whereby a foreclosure of such mortgage can be avoided.

(3) Prior to the issuance to any distressed mortgagor of a certificate of moratorium under paragraph (2), the Federal mortgage agency shall require such mortgagor to enter into a binding agreement under which he will be required to make payments to such agency, after the expiration of such certificate, in an aggregate amount equal to the amount paid by such agency on behalf of such mortgagor as provided in subsection (c). The manner and time in which such payments shall be made shall be determined by the Federal mortgage agency having due regard to the purposes sought to be achieved by this section.

(4) Any certificate of moratorium issued under this subsection shall expire on whichever of the following dates is the earliest—

(A) one year from the date on which such certificate is issued;

(B) thirty days after the date on which the mortgagor to whom such certificate is issued ceases to be a distressed mortgagor as defined in subsection (a); or

(C) the date on which such mortgagor becomes in default with respect to any condition or covenant in his mortgage other than that requiring the payment by him of installments of principal and/or interest under the mortgage.

(c) (1) Whenever a Federal mortgage agency issues a certificate of moratorium to any distressed mortgagor with respect to any mortgage, it shall transmit to the mortgagee a copy of such certificate, together with a notice stating that, while such certificate is in effect, such agency will assume the obligation of such mortgagor to make payments of principal, and, if so specified in the certificate, of interest, under the mortgage.

(2) Payments made by any Federal mortgage agency pursuant to a certificate of moratorium issued under this section with respect to the mortgage of any distressed mortgagor shall include, in addition to the payments referred to in paragraph (1), an amount equal to the unpaid principal and interest charges which had accrued under such mortgage prior to the issuance of such certificate and subsequent to the date on which such mortgagor became a distressed mortgagor as defined in subsection (a).

(3) While any certificate of moratorium issued under this section is in effect with respect to the mortgage of any distressed mortgagor, no further payments of principal, and, if so specified in the certificate, of interest, under the mortgage shall be required of such mortgagor, and no action (legal or otherwise) shall be taken or maintained by the mortgagee to enforce or collect such payments. Upon the expiration of such certificate, the mortgagor shall again be liable for the payment of all amounts due under the mortgage in accordance with its terms.

(4) Each Federal mortgage agency shall give prompt notice in writing to the interested mortgagor and mortgagee of the expiration of any certificate of moratorium issued by it under this section.

(d) The Federal mortgage agencies are authorized to issue such individual and joint regulations as may be necessary to carry out this section and to insure the uniform administration thereof.

(e) There shall be in the Treasury (1) a fund which shall be available to the [Federal Housing Commissioner] *Secretary of Housing and Urban Development* for the purpose of extending financial assistance in behalf of distressed mortgagors as provided in subsection (c), and (2) a fund which shall be available to the Administrator of Veterans' Affairs for the same purpose. The capital of each such fund shall consist of such sums as may, from time to time, be appropriated thereto, and any sums so appropriated shall remain available until expended. Receipts arising from the programs of assistance under subsection (c) shall be credited to the fund from which such assistance was extended. Moneys in either of such funds not needed for current operations, as determined by the [Federal Housing Commissioner] *Secretary of Housing and Urban Development*, or the Administrator of Veterans' Affairs, as the case may be, shall be invested in bonds or other obligations of the United States, or paid into the Treasury as miscellaneous receipts.

(f) Section 1816 of title 38, United States Code, is amended by inserting "(a)" before the text of such section, and by adding at the end thereof a new subsection as follows:

"(b) With respect to any loan made under section 1811 which has not been sold as provided in subsection (g) of such section, if the Administrator finds, after there has been a default in the payment of any installment of principal or interest owing on such loan, that the default was due to the fact that the veteran who is obligated under the loan has become unemployed as the result of the closing (in whole or in part) of a Federal installation, he shall (1) extend the time for curing the default to such time as he determines is necessary and desirable to enable such veteran to complete payments on such loan, including an extension of time beyond the stated maturity thereof, or (2) modify the terms of such loan for the purpose of changing the amortization provisions thereof by recasting, over the remaining term of the loan, or over such longer period as he may determine, the total unpaid amount then due with the modification to become effective currently or upon the termination of an agreed-upon extension of the period for curing the default."

ACQUISITION OF CERTAIN PROPERTIES SITUATED AT OR NEAR MILITARY
BASES WHICH HAVE BEEN ORDERED TO BE CLOSED

SEC. 108. (a) The Secretary of Defense is authorized to acquire title to any property, improved with a one- or two-family dwelling, which is situated at or near a military base or installation which the Department of Defense has, subsequent to November 1, 1964, ordered to be closed in whole or in part, if he determines—

(1) that the owner of such property is, or has been, employed or performing military service, at such base or installation;

(2) that the closing of such base or installation, in whole or in part, has required or will require the termination of such owner's employment or service at such base or installation; and

(3) that as the result of the actual or pending closing of such base or installation there is no present market for the sale of such property upon reasonable terms and conditions.

(b) The purchase price of any property which is situated at or near a military base or installation and is acquired under this section shall be equal to an amount determined by the Secretary of Defense to be the average price at which properties, similar in size, construction, condition, and location to that of the property to be acquired, were sold during a representative period, as determined by the Secretary, prior to the announcement of the intention of the Department of Defense to close all or part of such base or installation.

(c) The title to any property acquired under this section shall be free and clear of any outstanding liens or encumbrances and shall conform to such requirements as the Secretary of Defense shall by regulation require. Such regulations shall also prescribe the terms and conditions under which payments may be made under this section, and decisions by the Secretary regarding such payments, and the terms and conditions under which the same are approved or disapproved, shall be final and conclusive and shall not be subject to judicial review.

(d) Properties acquired under this section shall be transferred to the [Federal Housing Commissioner, and the Federal Housing Commissioner] *Secretary of Housing and Urban Development, and the Secretary* shall have power to deal with, rent, renovate, or sell for cash or credit any properties so transferred. Receipts from the management or sale of any such properties may be utilized by [the Commissioner] *the Secretary* to defray expenses arising in connection with the management of such properties, and any part of such receipts not required for such expenses shall be covered into the Treasury as miscellaneous receipts.

(e) *In any case in which a property could have been acquired by the Secretary of Defense in accordance with the preceding provisions of this section, but the owner of such property had instead sold it to another person (after the announcement of the intention of the Department of Defense to close all or part of the base or installation) at a price less than its fair market value immediately prior to such announcement or lost it through foreclosure (after such announcement), the Secretary of Defense shall upon application pay to such owner as partial compensation for losses sustained in such sale or as a result of such foreclosure an amount equal to the difference between the fair market value of the property immediately prior to such announcement and the fair market value of the property at the time of such sale or foreclosure.*

[(e)] (f) * * *

[(f)] (g) Such sums as may be necessary to carry out the provisions of this section are hereby authorized to be appropriated, and any sums so appropriated shall remain available until expended.

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TITLE III—URBAN RENEWAL

STUDY OF HOUSING AND BUILDING CODES, ZONING, TAX POLICIES, AND
DEVELOPMENT STANDARDS

SEC. 301. (a) The Congress finds that the general welfare of the Nation requires that local authorities be encouraged and aided to prevent slums, blight, and sprawl, preserve natural beauty, and provide for decent, durable housing so that the goal of a decent home and a suitable living environment for every American family may be realized as soon as feasible. The Congress further finds that there is a need to study housing and building codes, zoning, tax policies, and development standards in order to determine how (1) local property owners and private enterprise can be encouraged to serve as large a part as they can of the total housing and building need, and (2) Federal, State, and local governmental assistance can be so directed as to place greater reliance on local property owners and private enterprise and enable them to serve a greater share of the total housing and building need. The [Housing and Home Finance Administrator] *Secretary of Housing and Urban Development* is therefore directed to study the structure of (1) State and local urban and suburban housing and building laws, standards, codes, and regulations and their impact on housing and building costs, how they can be simplified, improved, and enforced, at the local level, and what methods might be adopted to promote more uniform building codes and the acceptance of technical innovations including new building practices and materials; (2) State and local zoning and land use laws, codes, and regulations, to find ways by which States and localities may improve and utilize them in order to obtain further growth and development; and (3) Federal, State, and local tax policies with respect to their effect on land and property cost and on incentives to build housing and make improvements in existing structures.

(b) The [Administrator] *Secretary* shall submit a report based on such study to the President and to the Congress within 18 months after the date of the enactment of the Housing and Urban Development Act of 1965 or the appropriation of funds for the study, whichever is later.

(c) There are authorized to be appropriated such funds as may be necessary to carry out the purposes of this section. Any funds so appropriated shall remain available until expended.

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ELIGIBILITY OF COMMUNITIES IN DEPRESSED AREAS FOR URBAN RENEWAL
ASSISTANCE

SEC. 313. (a) * * *

(b) The amendment made by subsection (a) shall apply only with respect to urban renewal projects placed under contract for capital grant on or after the date of the enactment of this Act, except that such amendment shall apply with respect to all urban renewal projects in the city of Providence, Rhode Island, placed under contract for capital grant during the period Providence was designated as a re-

development area under section (5a) of the Area Redevelopment Act (or at such earlier time as the [Administrator] *Secretary* may specify in order to avoid hardship) and not completed prior to the date of the enactment of this Act.

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SPECIFIC URBAN RENEWAL PROJECTS

SEC. 315. (a) * * *

(8) Expenses incurred in the construction of the Glenn Duncan Elementary School and the Fred W. Traner Junior High School in Reno, Nevada, shall not be deemed to be ineligible as a local grant-in-aid in connection with the Northeast Urban Renewal Project (Nevada R-2) because of any change in the urban renewal plan for such project which is determined by the [Housing and Home Finance Administrator] *Secretary of Housing and Urban Development* to have resulted from the proposed location of a federally-aided highway within or adjacent to the urban renewal area in which such project was undertaken. For the purpose of computing the portion of the cost of such schools which may be allowed as a local grant-in-aid, the degree of benefit of the schools to such urban renewal area shall be based on the latest estimate of benefit submitted by the local public agency and accepted by the [Administrator] *Secretary* prior to such change in the urban renewal plan.

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(b)(1) Notwithstanding the provisions of title I of the Housing Act of 1949 and the United States Housing Act of 1937, the [Housing and Home Finance Administrator and the Public Housing Commissioner are] *Secretary of Housing and Urban Development* is authorized and directed to consent to the transfer by the Housing Authority of the City of Macon, Georgia, to the Urban Renewal Department of the City of Macon, Georgia, of all property acquired by the Housing Authority for low-rent housing project numbered Georgia 7-8, on conditions that (A) an amount which, together with any funds of the Housing Authority available for the purpose, is sufficient to pay and discharge all obligations incurred by the Housing Authority in connection with such low-rent housing project and owing at the time of transfer, will be paid by the Urban Renewal Department of the City of Macon to the [Public Housing Administration] *Secretary* to be applied in satisfaction of the Housing Authority's obligations which it cannot meet with its own funds available for the purpose, and (B) the total amount so paid by the Urban Renewal Department of the City of Macon will be included in the gross project cost of its Coliseum Urban Renewal Project, Georgia R-95.

(2) The [Housing and Home Finance Administrator and the Public Housing Commissioner are] *Secretary of Housing and Urban Development* is authorized to modify any contracts heretofore entered into and to take any other appropriate action necessary to carry out the provisions of paragraph (1).

* * * * *

TITLE IV—COMPENSATION OF CONDEMNEDS

DEFINITIONS

SEC. 401. For the purposes of this title—

(1) the term “development program” means any program established by or conducted under any of the following provisions of law:

(A) the United States Housing Act of 1937;

(B) title I of the Housing Act of 1949;

(C) the Urban Mass Transportation Act of 1964;

(D) title II of the Housing Amendments of 1955;

(E) title VII of the Housing Act of 1961; and

(F) title VII of the Housing and Urban Development Act of 1965;

(2) the term “Federal assistance” means a grant, loan, contract of guaranty, annual contribution, or other assistance provided by the United States;

(3) the term “applicant” means any public body or other agency authorized to receive Federal assistance under a development program;

(4) the term “real property” means any land, or any interest in land, and (A) any building, structure, or other improvements embedded in or affixed to land, and any article so affixed or attached to such building, structure, or improvement as to be an essential or integral part thereof; (B) any article affixed or attached to such real property in such manner that it cannot be removed without material injury to itself or the real property; and (C) any article so designed, constructed, or specially adapted to the purpose for which such real property is used that (i) it is an essential accessory or part of such real property, (ii) it is not capable of use elsewhere, and (iii) it would lose substantially all its value if removed from the real property; and

[(5) the term “Administrator” means the Housing and Home Finance Administrator] (5) the term “Secretary” means the Secretary of Housing and Urban Development.

SEC. 402. As a condition of eligibility for Federal assistance pursuant to a development program, each applicant for such assistance shall satisfy the [Administrator] Secretary that the following policies will be followed in connection with the acquisition of real property by eminent domain in the course of such program—

(1) the applicant shall make every reasonable effort to acquire the real property by negotiated purchase;

(2) no owner shall be required to surrender possession of real property before the applicant pays to the owner (A) the agreed purchase price arrived at by negotiation, or (B) in any case where only the amount of the payment to the owner is in dispute, not

less than 75 per centum of the appraised fair value of such property as approved by the applicant; and

(3) the construction or development of any public improvements shall be so scheduled that no person lawfully occupying the real property shall be required to surrender possession on account of such construction or development without at least 90 days' written notice from the applicant of the date on which such construction or development is scheduled to begin.

FUNDS FOR CERTAIN PAYMENTS IN EMINENT DOMAIN

SEC. 403. Notwithstanding any other provision of law, financial assistance under any federally assisted development program may include amounts necessary for financing, in the same manner that other costs of a project assisted under such program are financed, the payments described in paragraph (2) (B) of section 402 of this Act.

RELOCATION PAYMENTS UNDER FEDERALLY ASSISTED DEVELOPMENT PROGRAMS

SEC. 404. (a) To the extent not otherwise authorized under any Federal law, financial assistance extended to an applicant under any federally assisted development program may include grants for relocation payments, as herein defined. Such grants may be in addition to other financial assistance under such federally assisted development programs, and may cover the full amount of such relocation payments. Any funds available for any such program may be used for such grants. The term "relocation payments" means payments by the applicant, to a displaced individual, family, business concern, or non-profit organization, which are made on such terms and conditions and subject to such limitations (to the extent applicable, but not including the date of displacement) as are provided for relocation payments, at the time such payments are approved, by sections 114 (b), (c), and (d) of the Housing Act of 1949 with respect to projects assisted under title I thereof. Relocation payments authorized by this subsection shall be made subject to such rules and regulations as may be prescribed by the [Administrator] *Secretary*.

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TITLE VII—COMMUNITY FACILITIES

PURPOSE

SEC. 701. The purpose of this title is to assist and encourage the communities of the Nation fully to meet the needs of their citizens by making it possible, with Federal grant assistance, for their governmental bodies (1) to construct adequate basic water and sewer facilities needed to promote the efficient and orderly growth and development of our communities, (2) to construct neighborhood facilities needed to enable them to carry on programs of necessary social services, and (3) to acquire, in a planned and orderly fashion, land to be utilized in connection with the future construction of public works and facilities.

GRANTS FOR BASIC WATER AND SEWER FACILITIES

SEC. 702. (a) The [Housing and Home Financing Administrator (hereinafter in this title referred to as the "Administrator")] *Secretary of Housing and Urban Development (hereinafter in this title referred to as the "Secretary")* is authorized to make grants to local public bodies and agencies to finance specific projects for basic public water facilities (including works for the storage, treatment, purification, and distribution of water), and for basic public sewer facilities (other than "treatment works" as defined in the Federal Water Pollution Control Act) : *Provided*, That no grants shall be made under this section for any sewer facilities unless the Secretary of Health, Education, and Welfare certifies to the [Administrator] *Secretary* that any waste material carried by such facilities will be adequately treated before it is discharged into any public waterway so as to meet applicable Federal, State, interstate, or local water quality standards.

(b) The amount of any grant made under the authority of this section shall not exceed 50 per centum of the development cost of the project: *Provided*, That in the case of a community having a population of less than ten thousand, according to the most recent decennial census, which is situated within a metropolitan area, the [Administrator] *Secretary* may increase the amount of a grant for a basic public sewer facility assisted under this section to not more than 90 per centum of the development cost of such facility, if the community is unable to finance the construction of such facility without the increased grant authorized under this subsection, and if in such community (1) there does not exist a public or other adequate sewer facility which serves a substantial portion of the inhabitants of the community, and (2) the rate of unemployment is, and has been continuously for the preceding calendar year, 100 per centum above the national average: *And provided further*, That the limitations and restrictions contained in subsection (c) of this section shall not be applicable to any community applying for an increased grant under this subsection.

(c) No grant shall be made under this section in connection with any project unless the [Administrator] *Secretary* determines that the project is necessary to provide adequate water or sewer facilities for, and will contribute to the improvement of the health or living standards of, the people in the community to be served, and that the project is (1) designed so that an adequate capacity will be available to serve the reasonably foreseeable growth needs of the area; (2) consistent with a program meeting criteria, established by the [Administrator] *Secretary*, for a unified or officially coordinated areawide water or sewer facilities system as part of the comprehensively planned development of the area, except that prior to July 1, 1968, grants may, in the discretion of the [Administrator] *Secretary*, be made under this section when such a program for an areawide water and sewer facilities system is under active preparation, although not yet completed, if the facility or facilities for which assistance is sought can reasonably be expected to be required as a part of such program, and there is urgent need for the facility or facilities; and (3) necessary to orderly community development.

GRANTS FOR NEIGHBORHOOD FACILITIES

SEC. 703. (a) In accordance with the provisions of this section, the [Administrator] *Secretary* is authorized to make grants to any local public body or agency to assist in financing specific projects for neighborhood facilities.. Any such project may be undertaken by such body or agency directly or through a nonprofit organization approved by it: *Provided*, That no grant shall be provided under this section for any project to be undertaken through a nonprofit organization unless the [Administrator] *Secretary* determines (1) that such organization has or will have the legal, financial, and technical capacity to carry out the project, and (2) that the public body or agency to which the grant is made will have satisfactory continuing control over the use of the proposed facilities.

(b) The amount of any grant made under the authority of this section shall not exceed $66\frac{2}{3}$ per centum of the development cost of the project for which the grant is made (or 75 per centum of such cost in the case of a project located in an area which at the time the grant is made is designated as a redevelopment area under the Area Redevelopment Act or any Act supplementary thereto).¹

(c) No grant shall be made under this section for any project unless the [Administrator] *Secretary* determines that the project will provide a neighborhood facility which is (1) necessary for carrying out a program of health, recreational, social, or similar community service (including a community action program approved under title II of the Economic Opportunity Act of 1964)² in the area, (2) consistent with comprehensive planning for the development of the community, and (3) so located as to be available for use by a significant portion (or number in the case of large urban places) of the area's low- or moderate-income residents.

(d) For a period of twenty years after a grant has been made under this section for a neighborhood facility, such facility shall not, without the approval of the [Administrator] *Secretary*, be converted to uses other than those proposed by the applicant in its application for a grant. The [Administrator] *Secretary* shall not approve any conversion in the use of such a neighborhood facility during such twenty-year period unless he finds that such conversion is in accordance with the then applicable program of health, recreational, social, or similar community services in the area and consistent with comprehensive planning for the development of the community in which the facility is located. In approving any such conversion, the [Administrator] *Secretary* may impose such additional conditions and requirements as he deems necessary.

(e) The [Administrator] *Secretary* shall give priority to applications for projects designed primarily to benefit members of low-income families or otherwise substantially further the objectives of a community action program approved under title II of the Economic Opportunity Act of 1964.

ADVANCE ACQUISITION OF LAND

SEC. 704. (a) In order to encourage and assist in the timely acquisition of land planned to be utilized in connection with the future construction of public works or facilities, the [Administrator] *Secretary*

is authorized to make grants to local public bodies and agencies to assist in financing the acquisition of a fee simple estate or other interest in such land.

(b) The amount of any grant made under the authority of this section shall not exceed the aggregate amount of reasonable interest charges on the loan or other financial obligation incurred to finance the acquisition of such land for a period not exceeding the lesser of (1) five years from the date such loan was made or such financial obligation was incurred, or (2) the period of time between the date such loan was made or such financial obligation was incurred and the date construction is begun on the public work or facility for which the land acquired was planned to be utilized.

(c) No grant shall be made under this section for any project for the acquisition of land unless the [Administrator] *Secretary* determines that the public work or facility for which such land is to be utilized is planned to be constructed or initiated within a reasonable period of time (not to exceed five years after a contract to make such grant is entered into) and that construction of such public work or facility will contribute to economy, efficiency, and the comprehensively planned development of the area.

(d) As a condition to providing assistance under this section, the [Administrator] *Secretary* may, under terms and conditions prescribed by him, require an applicant to agree to repay such assistance, if (1) the land purchased with such assistance is not utilized within five years after the agreement is entered into in connection with the construction of the public work or facility for which such land was acquired, or (2) such land is diverted to other uses.

GENERAL PROVISIONS

SEC. 705. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the [Administrator] *Secretary* shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402, except subsections (a), (c)(2), and (f) of the Housing Act of 1950.

(b) The [Administrator] *Secretary* is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, to make advance or progress payments on account of any grant made pursuant to this title. No part of any grant authorized to be made by the provisions of this title shall be used for the payment of ordinary governmental operating expenses.

DEFINITIONS

SEC. 706. As used in this title—

(a) The term “State” means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

(b) The term “local public bodies and agencies” includes public corporate bodies or political subdivisions; public agencies or instrumentalities of one or more States, municipalities, or political subdivisions of one or more States (including public agencies and instrumentalities of one of more municipalities or other political subdivisions of one or more States); Indian tribes; and boards or commissions

established under the laws of any State to finance specific capital improvement projects.

(c) The term "development cost" means the cost of constructing the facility and of acquiring the land on which it is located, including necessary site improvements to permit its use as a site for the facility.

LABOR STANDARDS

SEC. 707. All laborers and mechanics employed by contractors or subcontractors on projects assisted under sections 702 and 703 shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). No such project shall be approved without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c).

APPROPRIATIONS

SEC. 708. (a) There are authorized to be appropriated for each fiscal year commencing after June 30, 1965, and ending prior to July 1, 1969, not to exceed (1) \$200,000,000 for grants under section 702, (2) \$50,000,000 for grants under section 703, and (3) \$25,000,000 for grants under section 704.

(b) Any amounts appropriated under this section shall remain available until expended, and any amounts authorized for any fiscal year under this section but not appropriated may be appropriated for any succeeding fiscal year commencing prior to July 1, 1969.

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TITLE XI—MISCELLANEOUS

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STUDY CONCERNING RELIEF OF HOMEOWNERS IN PROXIMITY TO AIRPORTS

SEC. 1113. (a) The [Housing and Home Finance Administrator] *Secretary of Housing and Urban Development* shall undertake a study to determine feasible methods of reducing the economic loss and hardship suffered by homeowners as the result of the depreciation in the value of their properties following the construction of airports in the vicinity of their homes, including a study of feasible methods of insulating such homes from the noise of aircraft. Findings and recommendations resulting from such study shall be reported to the President for transmission to the Congress at the earliest practicable date, but in no event later than [one year after the date of the enactment of this Act] *six months after the date of the enactment of the Housing and Urban Development Act of 1966.*

(b) *There is authorized to be appropriated the sum of \$100,000 to carry out subsection (a).*

SECTION 5136 OF THE REVISED STATUTES

SEC. 5136. Upon duly making and filing articles of association and an organization certificate a national banking association shall become, as from the date of the execution of its organization certificate, a body corporate, and as such, and in the name designated in the organization certificate, it shall have power—

* * * * *

Seventh. To exercise by its board of directors or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of banking; by discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt; by receiving deposits; by buying and selling exchange, coin, and bullion; by loaning money on personal security; and by obtaining, issuing and circulating notes according to the provisions of this chapter. The business of dealing in securities and stock by the association shall be limited to purchasing and selling such securities and stock without recourse, solely upon the order, and for the account of, customers, and in no case for its own account, and the association shall not underwrite any issue of securities or stock: *Provided*, That the association may purchase for its own account investment securities under such limitations and restrictions as the Comptroller of the Currency may by regulation prescribe. In no event shall the total amount of the investment securities of any one obligor or maker, held by the association for its own account, exceed at any time 10 per centum of its capital stock actually paid in and unimpaired and 10 per centum of its unimpaired surplus fund, except that this limitation shall not require any association to dispose of any securities lawfully held by it on August 23, 1935. As used in this section the term "investment securities" shall mean marketable obligations, evidencing indebtedness of any person, copartnership, association, or corporation in the form of bonds, notes and/or debentures commonly known as investment securities under such further definition of the term "investment securities" as may by regulation be prescribed by the Comptroller of the Currency. Except as hereinafter provided or otherwise permitted by law, nothing herein contained shall authorize the purchase by the association for its own account of any shares of stock of any corporation. The limitations and restrictions herein contained as to dealing in, underwriting and purchasing for its account, investment securities shall not apply to obligations of the United States, or general obligations of any State or of any political subdivision thereof, or obligations issued under authority of the Federal Farm Loan Act, as amended, or issued by the thirteen banks for co-operatives of any of them or the Federal Home Loan Banks, *or obligations which are insured by the Secretary of Housing and Urban Development under title XI of the National Housing Act* or obligations which are insured by the [Federal Housing Administrator] *Secretary of Housing and Urban Development (hereafter in this sentence referred to as the "Secretary")* pursuant to section 1713 of this title, if the debentures to be issued in payment of such insured obligations are guaranteed as to principal and interest by the United States, or obligations, participations, or other instruments of or issued by the Federal National Mortgage Association, or such obligations of any

local public agency (as defined in section 1460(h) of Title 42) as are secured by an agreement between the local public agency and the [Housing and Home Finance Administrator] *Secretary* in which the local public agency agrees to borrow from said [Administrator] *Secretary*, and said [Administrator] *Secretary* agrees to lend to said local public agency monies in an aggregate amount which (together with any other monies irrevocably committed to the payment of interest on such obligations) will suffice to pay, when due, the interest on and all installments (including the final installment) of the principal of such obligations, which monies under the terms of said agreement are required to be used for such payments, or such obligations of a public housing agency (as defined in the United States Housing Act of 1937, as amended) as are secured either (1) by an agreement between the public housing agency and the [Public Housing Administration] *Secretary* in which the public housing agency agrees to borrow from the [Public Housing Administration] *Secretary*, and the [Public Housing Administration] *Secretary* agrees to lend to the public housing agency, prior to the maturity of such obligations (which obligations shall have a maturity of not more than eighteen months), monies in an amount which (together with any other monies irrevocably committed to the payment of interest on such obligations) will suffice to pay the principal of such obligations with interest to maturity thereon, which monies under the terms of said agreement are required to be used for the purpose of paying the principal of and the interest on such obligations at their maturity, or (2) by a pledge of annual contributions under an annual contributions contract between such public housing agency and the [Public Housing Administration] *Secretary* if such contract shall contain the covenant by the [Public Housing Administration] *Secretary* which is authorized by section 1421a(b) of Title 42, and if the maximum sum and the maximum period specified in such contract pursuant to section 1421a(b) of Title 42 shall not be less than the annual amount and the period for payment which are requisite to provide for the payment when due of all installments of principal and interest on such obligations: *Provided*, That in carrying on the business commonly known as the safe-deposit business the association shall not invest in the capital stock of a corporation organized under the law of any State to conduct a safe-deposit business in an amount in excess of 15 per centum of the capital stock of the association actually paid in and unimpaired and 15 per centum of its unimpaired surplus. The limitations and restrictions herein contained as to dealing in and underwriting investment securities shall not apply to obligations issued by the International Bank for Reconstruction and Development or the Inter-American Development Bank which are at the time eligible for purchase by a national bank for its own account, nor to bonds, notes and other obligations issued by the Tennessee Valley Authority: *Provided*, That no association shall hold obligations issued by any of said organizations as a result of underwriting, dealing, or purchasing for its own account (and for this purpose obligations as to which it is under commitment shall be deemed to be held by it) in a total amount exceeding at any one time 10 per centum of its capital stock actually paid in and unimpaired and 10 per centum of its unimpaired surplus fund.

SECTION 5200 OF THE REVISED STATUTES

SEC. 5200. The total obligations to any national banking association of any person, copartnership, association, or corporation shall at no time exceed 10 per centum of the amount of the capital stock of such association actually paid in and unimpaired and 10 per centum of its unimpaired surplus fund. The term "obligations" shall mean the direct liability of the maker or acceptor of paper discounted with or sold to such association and the liability of the indorser, drawer, or guarantor who obtains a loan from or discounts paper with or sells paper under his guaranty to such association and shall include in the case of obligations of a copartnership or association the obligations of the several members thereof and shall include in the case of obligations of a corporation all obligations of all subsidiaries thereof in which such corporation owns or controls a majority interest. Such limitation of 10 per centum shall be subject to the following exceptions:

* * * * *

(11) Obligations of a local public agency (as defined in section 1460(h) of Title 42) or of a public housing agency (as defined in the United States Housing Act of 1937, as amended) which have a maturity of not more than eighteen months shall not be subject under this section to any limitation, if such obligations are secured by an agreement between the obligor agency and the [Housing and Home Finance Administrator or the Public Housing Administration] *Secretary of Housing and Urban Development* in which the agency agrees to borrow from the [Administrator or Administration] *Secretary*, and the [Administrator or Administration] *Secretary* agrees to lend to the agency, prior to the maturity of such obligations, monies in an amount which (together with any other monies irrevocably committed to the payment of interest on such obligations) will suffice to pay the principal of such obligations with interest to maturity, which monies under the terms of said agreement are required to be used for that purpose.

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SECTION 24 OF THE FEDERAL RESERVE ACT

LOANS ON FARM LANDS

SEC. 24. Any national banking association may make real estate loans secured by first liens upon improved real estate, including improved farmland and improved business and residential properties. A loan secured by real estate within the meaning of this section shall be in the form of an obligation or obligations secured by a mortgage, trust deed, or other instrument upon real estate, which shall constitute a first lien on real estate in fee simple or, under such rules and regulations as may be prescribed by the Comptroller of the Currency, on a leasehold under a lease which does not expire for at least 10 years beyond the maturity date of the loan, and any national banking association may purchase any obligation so secured when the entire amount of such obligation is sold to the association. The amount of any such loan hereafter made shall not exceed 50 per centum of the ap-

praised value of the real estate offered as security and no such loan shall be made for a longer term than five years; except that (1) any such loan may be made in an amount not to exceed $66\frac{2}{3}$ per centum of the appraised value of the real estate offered as security and for a term not longer than ten years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize 40 per centum or more of the principal of the loan within a period of not more than ten years (2) any such loan may be made in an amount not to exceed $66\frac{2}{3}$ per centum of the appraised value of the real estate offered as security and for a term not longer than twenty years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize the entire principal of the loan within a period of not more than twenty years, and (3) any such loan may be made in an amount not to exceed 80 per centum of the appraised value of the real estate offered as security and for a term not longer than twenty-five years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize the entire principal of the loan within the period ending on the date of its maturity, and (4) the foregoing limitations and restrictions shall not prevent the renewal or extension of loans heretofore made and shall not apply to real estate loans which are insured under the provisions of sections 1707—1715, 1715b—1715r, 1736—1746a, 1748—1748h, 1706c of this title, or subchapter X of chapter 13 of this title or which are insured by the Secretary of Agriculture pursuant to sections 1001—1005d of title 7, or sections 590r to 590x-3 of title 16, or sections 1471—1484 of title 42, *or which are insured by the Secretary of Housing and Urban Development pursuant to title XI of the National Housing Act*, and shall not apply to real estate loans which are fully guaranteed or insured by a State, or by a State authority for the payment of the obligations of which the faith and credit of the State is pledged, if under the terms of the guaranty or insurance agreement the association will be assured of repayment in accordance with the terms of the loan. Notwithstanding the foregoing limitations and restrictions in this section, any national banking association may make loans for land development which are secured by mortgages insured under title X of the National Housing Act. No such association shall make such loans in an aggregate sum in excess of the amount of the capital stock of such association paid in and unimpaired plus the amount of its unimpaired surplus fund, or in excess of 70 per centum of the amount of its time and savings deposits, whichever is the greater. Any such association may continue hereafter as heretofore to receive time and savings deposits and to pay interest on the same, but the rate of interest which such association may pay upon such time deposits or upon savings or other deposits shall not exceed the maximum rate authorized by law to be paid upon such deposits by State banks or trust companies organized under the laws of the State in which such association is located.

Any national banking association may make real estate loans secured by first liens upon forest tracts which are properly managed

in all respects. Such loans shall be in the form of an obligation or obligations secured by mortgage, trust deed, or other such instrument; and any national banking association may purchase any obligation so secured when the entire amount of such obligation is sold to the association. The amount of any such loan shall not exceed 60 per centum of the appraised fair market value of the growing timber, lands, and improvements thereon offered as security and the loan shall be made upon such terms and conditions as to assure that at no time shall the loan balance exceed 60 per centum of the original appraised total value of the property then remaining. No such loan shall be made for a longer term than three years; except that any such loan may be made for a term not longer than fifteen years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize the principal of the loan within a period of not more than fifteen years and at a rate of at least $6\frac{2}{3}$ per centum per annum. All such loans secured by first liens upon forest tracts shall be included in the permissible aggregate of all real estate loans prescribed in the preceding paragraph, but no national banking association shall make forest-tract loans in an aggregate sum in excess of 50 per centum of its capital stock paid in and unimpaired plus 50 per centum of its unimpaired surplus fund.

Loans made to finance the construction of industrial or commercial buildings and having maturities of not to exceed twenty-four months where there is a valid and binding agreement entered into by a financially responsible lender to advance the full amount of the bank's loan upon completion of the buildings and loans made to finance the construction of residential or farm buildings and having maturities of not to exceed twenty-four months, shall not be considered as loans secured by real estate within the meaning of this section but shall be classed as ordinary commercial loans whether or not secured by a mortgage or similar lien on the real estate upon which the building or buildings are being constructed: *Provided*, That no national banking association shall invest in, or be liable on, any such loans in an aggregate amount in excess of 100 per centum of its actually paid-in and unimpaired capital plus 100 per centum of its unimpaired surplus fund. Notes representing loans made under this section to finance the construction of residential or farm buildings and having maturities of not to exceed nine months shall be eligible for discount as commercial paper within the terms of section 343 of this title if accompanied by a valid and binding agreement to advance the full amount of the loan upon the completion of the building entered into by an individual, partnership, association, or corporation acceptable to the discounting bank.

Loans made to established industrial or commercial businesses (a) which are in whole or in part discounted or purchased or loaned against as security by a Federal Reserve bank under the provisions of section 352a of this title, (b) for any part of which a commitment shall have been made by a Federal Reserve bank under the provisions of said section, (c) in the making of which a Federal Reserve bank participates under the provisions of said section, or (d) in which the Reconstruction Finance Corporation or the [Housing and Home Fi-

nance Administrator] *Secretary of Housing and Urban Development* cooperates or purchases a participation under the provisions of the Reconstruction Finance Corporation Act, as amended, or of section 1701g or 1701g—1 of this title, shall not be subject to the restrictions or limitations of this section upon loans secured by real estate. Loans in which the Small Business Administration cooperates through agreements to participate on an immediate or deferred basis under the Small Business Act shall not be subject to the restrictions or limitations of this section imposed upon loans secured by real estate. Home improvement loans which are insured under the provisions of section 1709(k) or 1715(h) of this title may be made without regard to the first lien requirements of this section.

Loans made to manufacturing and industrial businesses where the association looks for repayment out of the operations of the borrower's business, relying primarily on the borrower's general credit standing and forecast of operations, with or without other security, but wishes to take a mortgage on the borrower's real estate as a precaution against contingencies, shall not be considered as real estate loans within the meaning of this section but shall be classed as ordinary commercial loans.

SECTION 304(a) OF THE TRUST INDENTURE ACT OF 1939

EXEMPTED SECURITIES AND TRANSACTIONS

SEC. 304. (a) The provisions of this title shall not apply to any of the following securities:

(1) any security other than (A) a note, bond, debenture, or evidence of indebtedness, whether or not secured, or (B) a certificate of interest or participation in any such note, bond, debenture, or evidence of indebtedness, or (C) a temporary certificate for, or guarantee of, any such note, bond, debenture, evidence of indebtedness, or certificate;

(2) any certificate of interest or participation in two or more securities having substantially different rights and privileges, or a temporary certificate for any such certificate;

(3) any security which, prior to or within six months after the enactment of this title, has been sold or disposed of by the issuer or bona fide offered to the public, but this exemption shall not apply to any new offering of any such security by an issuer subsequent to such six months;

(4) any security exempted from the provisions of the Securities Act of 1933, as heretofore amended, by paragraph (2), (3), (4), (5), (6), (7), (8), or (11) of subsection 3 (a) thereof;

(5) any security issued under a mortgage indenture as to which a contract of insurance under the National Housing Act is in effect; and any such security shall be deemed to be exempt from the provisions of the Securities Act of 1933 to the same extent as though such security were specifically enumerated in section 3 (a) (2) of such Act;

(6) any note, bond, debenture, or evidence of indebtedness issued or guaranteed by a foreign government or by a subdivision, department, municipality, agency, or instrumentality thereof;

(7) any guarantee of any security which is exempted by this subsection;

(8) any security which has been or is to be issued otherwise than under an indenture, but this exemption shall not be applied within a period of twelve consecutive months to more than \$250,000 aggregate principal amount of any securities of the same issuer; **[or]**

(9) any security which has been or is to be issued under an indenture which limits the aggregate principal amount or securities at any time outstanding thereunder to \$1,000,000 or less, but this exemption shall not be applied within a period of thirty-six consecutive months to more than \$1,000,000 aggregate principal amount of securities of the same issuer **[.]**; or

(10) *any security issued under a mortgage or trust deed indenture as to which a contract of insurance under title XI of the National Housing Act is in effect; and any such security shall be deemed to be exempt from the provisions of the Securities Act of 1933 to the same extent as though such security were specifically enumerated in section 3(a)(2), as amended, of the Securities Act of 1933 (15 U.S.C. 77c (a)(2)).*

In computing the aggregate principal amount of securities to which the exemptions provided by paragraphs (8) and (9) may be applied, securities to which the provisions of sections 305 and 306 would not have applied, irrespective of the provisions of these paragraphs, shall be disregarded.

SECTION 263 OF THE BANKRUPTCY ACT

SEC. 263. Nothing contained in this chapter shall be deemed to affect or apply to the creditors of any corporation under a mortgage insured pursuant to the National Housing Act and Acts amendatory thereof and supplementary thereto. *Nothing contained in this chapter shall be deemed to affect or apply to the creditors of any corporation under a mortgage insured pursuant to title XI of the National Housing Act.*

SECTION 2 OF THE ACT OF AUGUST 10, 1949

SEC. 2. **[The land]** (a) *Except as provided in subsection (b) of this section, the land authorized to be conveyed by the first section of this Act shall be used by the grantee for purposes of a site for a National Guard Armory and for training the National Guard or for other military purposes, and the conveyance of such land shall contain the express condition that if the grantee shall fail or cease to use such land for such purposes, or shall alienate or attempt to alienate such land, title thereto shall, at the option of the United States, revert to the United States.*

(b) *The Secretary of Housing and Urban Development shall execute the necessary instrument or instruments to provide that a certain portion of land, not to exceed two acres, on the easterly side of the land described in the first section of this Act, as more particularly determined and designated by the Secretary of the Army, may be used for civil defense or other emergency preparedness purposes or the purposes stated in subsection (a) and that such use shall not cause the reverter clause set forth herein to become operable.*

SECTION 20 OF THE DISTRICT OF COLUMBIA REDEVELOPMENT ACT OF 1945

SEC. 20. (a) As an alternative method of financing its authorized operations and functions under the provisions of this Act (in addition to that provided in section 16 of this Act), the Agency is hereby authorized and empowered to accept financial assistance from the [Housing and Home Finance Administrator (hereafter in this section referred to as the Administrator)] *Secretary of Housing and Urban Development (hereinafter in this section referred to as the Secretary)*, in the form of advances of funds, loans, and capital grants pursuant to title I of the Housing Act of 1949, as amended, to assist the Agency in acquiring real property for redevelopment of project areas and carrying out any functions authorized under this Act for which advances of funds, loans, or capital grants may be made to a local public agency under title I of the Housing Act of 1949, as amended, and the Agency, subject to the approval of the District Commissioners and subject to such terms, covenants, and conditions as may be prescribed by the [Administrator] *Secretary* pursuant to title I of the Housing Act of 1949, as amended, may enter into such contracts and agreements as may be necessary, convenient, or desirable for such purposes.

(b) Subject to the approval of the District Commissioners, the Agency is authorized to accept from the [Administrator] *Secretary* advances of funds for surveys and plans in preparation of a project or projects authorized by this Act which may be assisted under title I of the Housing Act of 1949, as amended, and the Agency is authorized to transfer to the Planning Commission so much of the funds so advanced as the District Commissioners shall determine to be necessary for the Planning Commission to carry out its functions under this Act with respect to the project or projects to be assisted under title I of the Housing Act of 1949 as amended.

(c) The District Commissioners are authorized to include in their annual estimates of appropriations items for administrative expenses which, in addition to loan or other funds available therefor, are necessary for the Agency in carrying out its functions under this section.

(d) Notwithstanding the limitation contained in the last sentence of section 110(d) or in any other provision of title I of the Housing Act of 1949, as amended, the [Administrator] *Secretary* is authorized to allow and credit to the Agency such local grants-in aid as are approvable pursuant to said section 110(d), with respect to any project or projects undertaken by the Agency under a contract or contracts

entered into under this section and assisted under title I of the Housing Act of 1949, as amended. In the event of such local grants-in-aid as are so allowed by the [Administrator] *Secretary* are not sufficient to meet the requirements for local grants-in-aid pursuant to title I of the Housing Act of 1949, as amended, the District Commissioners are hereby authorized to enter into agreements with the Agency, upon which agreements the [Administrator] *Secretary* may rely, to make cash payments of such deficiencies from funds of the District of Columbia. The District Commissioners shall include items for such cash payments in their annual estimates of appropriations, and there are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such cash payments. Any amounts due the [Administrator] *Secretary* pursuant to any such agreements shall be paid promptly from funds appropriated for such purpose.

(e) All receipts of the Agency in connection with any project or projects financed in accordance with this section with assistance under title I of the Housing Act of 1949, as amended, whether in the form of advances of funds, loans, or capital grants made by the [Administrator] *Secretary* to the Agency, or in the form of proceeds, rentals, or revenues derived by the Agency from any such project or projects, shall be deposited in the Treasury of the United States to the credit of a special fund or funds, and all moneys in such special fund or funds are hereby made available for carrying out the purposes of this Act with respect to such project or projects, including the payment of any advances of funds or loans, together with interest thereon, made by the [Administrator] *Secretary* or by private sources to the Agency. Expenditures from such fund shall be audited, disbursed, and accounted for as are other funds of the District of Columbia.

(f) With respect to any project or projects undertaken by the Agency which are financed in accordance with this section with assistance under title I of the Housing Act of 1949, as amended—

(1) sections 3(f), 3(k), and 7(g), and the last sentence of section 6(b)(2) of this Act shall not be applicable to those pieces of real property which in accordance with the approved project area redevelopment plan, are to be devoted to public housing to be undertaken under Public Law 307, Seventy-third Congress, approved June 12, 1934, as amended;

(2) the site and use plan for the redevelopment of the area, included in the redevelopment plan of the project area pursuant to section 6(b)(2) of this Act, shall include the approximate extent and location of any land within the area which is proposed to be used for public housing to be undertaken under Public Law 307, Seventy-third Congress, approved June 12, 1934, as amended;

(3) notwithstanding any other provisions of this Act, the Agency, pursuant to section 7(a) of this Act, shall have power to transfer to and shall at a practicable time or times transfer by deeds to the National Capital Housing Authority those pieces of real property which, in accordance with the approved project area redevelopment plan, are to be devoted to public housing to be undertaken under Public Law 307, Seventy-third Congress, approved June 12, 1934, as amended, and, in accordance with the

requirements of section 107 of the Housing Act of 1949, as amended, the National Capital Housing Authority shall pay for the same out of any of its funds available for such acquisition.

(g) It is the purpose and intent of this section to authorize the District Commissioners and the appropriate agencies operating within the District of Columbia to do any and all things necessary to secure financial aid under title I of the Housing Act of 1949, as amended. The District of Columbia Redevelopment Land Agency is hereby declared to be a local public agency for all of the purposes of title I of the Housing Act of 1949, as amended. As such a local public agency for all of the purposes of title I of the Housing Act of 1949, as amended, the Agency is also authorized to borrow money from the [Administrator] *Secretary* or from private sources as contemplated by title I of the Housing Act of 1949, as amended, to issue its obligations evidencing such loans, and to pledge as security for the payment of such loans, and the interest thereon, the property, income, revenues, and other assets acquired in connection with the project or projects financed in accordance with this section with assistance under title I of the Housing Act of 1949, as amended, but such obligations or such pledge shall not constitute a debt or obligation of either the United States or of the District of Columbia.

(h) Nothing contained in this section or in any other section of this Act shall relieve the [Administrator] *Secretary* of his responsibilities and duties under section 105(c) or any other section of the Housing Act of 1949, as amended. The [Administrator] *Secretary* shall not enter into any contract of financial assistance under title I of this Act with respect to any project of the District of Columbia Redevelopment Land Agency for which a budget estimate of appropriation was transmitted pursuant to law and for which no appropriation was made by the Congress.

(i) In addition to its authority under any other provision of this Act, the Agency is hereby authorized to plan and undertake urban renewal projects (as such projects are defined in title I of the Housing Act of 1949, as amended), and in connection therewith the Agency, the District Commissioners, the National Capital Planning Commission, and the other appropriate agencies operating within the District of Columbia shall have all of the rights and powers which they have with respect to a project or projects financed in accordance with the preceding subsection of this section: *Provided*, That for the purpose of this subsection the word "redevelopment" wherever found in this Act (except in section 3(n)) shall mean "urban renewal", and the references in section 6 to the acquisition, disposition, or assembly of real property for a project shall mean the undertaking of an urban renewal project.

(j) The District Commissioners are hereby authorized to prepare a workable program as prescribed by section 101(c) of the Housing Act of 1949, as amended, and are also authorized to request the necessary funds for the preparation of said workable program. The Commissioners may request the participation of the Agency in the preparation of said workable program and may include in their annual estimates of appropriations such funds as may be required by the Commissioners or the Agency, or both, for this purpose. The District Commissioners are hereby authorized, with or without reimbursement,

to cooperate with the Agency in carrying out urban renewal projects and to utilize for that purpose the facilities and personnel of the District of Columbia under agreement with the Agency.

SECTION 101 OF THE GOVERNMENT CORPORATION CONTROL ACT

TITLE I—WHOLLY OWNED GOVERNMENT CORPORATIONS

SEC. 101. As used in this Act the term "wholly owned Government corporation" means the Commodity Credit Corporation; Regional Agricultural Credit Corporations; Farmers Home Corporation; Federal Crop Insurance Corporation; Federal Surplus Commodities Corporation; Reconstruction Finance Corporation; Defense Plant Corporation; Defense Supplies Corporation; Metals Reserve Company; Rubber Reserve Company; War Damage Corporation; Federal National Mortgage Association; the RFC Mortgage Company; Disaster Loan Corporation; Inland Waterways Corporation; Warrior River Terminal Company; Virgin Islands Corporation; Federal Prison Industries, Incorporated; United States Spruce Production Corporation; Development Loan Fund; Institute of Inter-American Affairs; Institute of Inter-American Transportation; Inter-American Educational Foundation, Incorporated; Inter-American Navigation Corporation; Prencin-radio, Incorporated; Cargoes, Incorporated; Export-Import Bank of Washington; Petroleum Reserves Corporation; Rubber Development Corporation; U. S. Commercial Company; Smaller War Plants Corporation; [Federal Public Housing Authority (or Public Housing Administration)] *United States Housing Authority* and including public housing projects financed from appropriated funds and operations thereof; Defense Homes Corporation; Federal Savings and Loan Insurance Corporation; Home Owner's Loan Corporation; United States Housing Corporation; Federal Housing Administration; Saint Lawrence Seaway Development Corporation; Panama Canal Company; Tennessee Valley Authority; and Tennessee Valley Associated Cooperatives, Incorporated.

SECTION 602(d) OF THE FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949

REPEAL AND SAVING PROVISIONS

SEC. 602. (a) * * *

* * * * *

(d) Nothing in this Act shall impair or affect any authority of—

* * * * *

(11) the [Housing and Home Finance Agency, or any officer or constituent agency therein,] *Department of Housing and Urban Development or any officer thereof* with respect to the dis-

posals of residential property, or of other property (real or personal) held as part of or acquired for or in connection with residential property, or in connection with the insurance of mortgages, loans, or savings and loan accounts under the National Housing Act;

* * * * *

SECTION 304 OF THE TERRITORIAL ENABLING ACT OF 1950

TITLE III—SLUM CLEARANCE, URBAN REDEVELOPMENT, URBAN RENEWAL, AND LOW-RENT HOUSING IN THE VIRGIN ISLANDS

* * * * *

SEC. 304. Notwithstanding the limitation contained in the last sentence of section 110(d) or in any other provision of title I of the Housing Act of 1949 (Public Law 171, Eighty-first Congress), as amended, the [Housing and Home Finance Administrator] *Secretary of Housing and Urban Development* is hereby authorized to allow and credit to such authority as may be created for the Virgin Islands under this Act, as amended, (1) such local grants-in-aid as are otherwise approvable pursuant to the first sentence of said section 110(d) with respect to any slum clearance and urban redevelopment or urban renewal project or projects undertaken by such authority with Federal assistance made available under title I of the Housing Act of 1949, as amended, and (2) such grants-in-aid made or assistance given to the local community by any Federal department or agency pursuant to authority of law other than the Housing Act of 1949 which would, if made or given by a State or local community, be approvable pursuant to said first sentence of section 110(d) with respect to any such project or projects so undertaken.

SECTIONS 32 AND 62 OF THE ATOMIC ENERGY COMMUNITY ACT OF 1955

SEC. 32. APPRAISALS.—The Commission shall proceed to secure appraisals of all property at the community which is to be sold pursuant to this Act. The appraisals shall be made by the [Federal Housing Commissioner] *Secretary of Housing and Urban Development* or his designee. The [Federal Housing Commissioner] *Secretary of Housing and Urban Development* shall be reimbursed from the Community Disposal Operations Fund for the cost of such appraisals. Appraisals made under this section shall be the appraisals on which the [Federal Housing Commissioner] *Secretary of Housing and Urban Development* may insure any mortgage or loan under the National Housing Act until such time as he finds that the appraisal values generally in the community no longer represent the fair market values of the properties.

* * * * *

SEC. 62. COMMISSION FINANCING.—

a. In the event that the Commission finds that financing on reasonable terms is not available from other sources, the Commission may, in order to facilitate the sale of residential property under chapter 5 of this Act, accept, in partial payment of the purchase price of any such property notes secured by first mortgages on such terms and conditions as the Commission shall deem appropriate. In the case of houses and apartment buildings, the maturity and percentage of appraised value in connection with such notes and mortgages shall not exceed those prescribed under section 223(a) of the National Housing Act, as amended, and the interest rate shall equal the interest rate plus the premium being charged (and any periodic service charge being authorized by the [Federal Housing Commissioner] *Secretary of Housing and Urban Development* for properties of similar character) under section 223(a) of the National Housing Act, as amended, at the effective date of such notes and mortgages.

b. In connection with the sale of residential property financed under section 62a. of this Act, the Commission is authorized to make advances for necessary repairs, or for the rehabilitation, modernization, rebuilding or enlargement of single and duplex residential properties to priority purchasers, and to include such advances in the amount of the note secured by the mortgage on such property.

c. In the event that the Commission finds that financing on reasonable terms is not available from other sources, the Commission may, in order to facilitate the sale of commercial property under chapter 5 of this Act, accept, in partial payment of the purchase price of any commercial property notes secured by first mortgages on such terms and conditions as the Commission shall deem appropriate.

d. The Commission may sell any notes and mortgages acquired under subsections a. and c. of this section on terms set by the Commission. Notwithstanding any other provisions of law and without regard to the provisions of section 3709 of the Revised Statutes, the Commission may, in accordance with such terms and conditions as it may prescribe, (1) enter into contracts for servicing any of the notes and mortgages it has acquired, and (2) sell or enter into contracts to sell to a servicer any notes and mortgages with respect to which a servicing contract has been entered into by the servicer with the Commission: *Provided*, That with respect to sales of notes and mortgages under (2) the Commission shall comply with section 3709 of the Revised Statutes unless it determines that such compliance would not be feasible.

SECTIONS 52, 53, AND 56 OF THE ALASKA OMNIBUS ACT

SEC. 52. The [Housing and Home Finance Administrator] *Secretary of Housing and Urban Development* is authorized to compromise or release such portion of any note or other obligation held by him with respect to property in Alaska pursuant to title II of the Housing

Amendments of 1955 or included within the revolving fund for liquidating programs established by the Independent Offices Appropriation Act of 1955, as he finds necessary because of loss, destruction, or damage to facilities securing such obligations by the 1964 earthquake and subsequent seismic waves.

URBAN RENEWAL

SEC. 53. The [Housing and Home Finance Administrator] *Secretary of Housing and Urban Development* is authorized to enter into contracts for grants not exceeding \$25,000,000 for urban renewal projects in Alaska, including open land projects, under section 111 of the Housing Act of 1949 which he determines will aid the communities in which they are located in reconstruction and redevelopment made necessary by the 1964 earthquake and subsequent seismic waves. Such authorization shall be in addition to and separate from any grant authorization contained in section 103(b) of said Act.

The [Administrator] *Secretary* may increase the capital grant for a project assisted under this section to not more than 90 per centum of net project cost where he determines that a major portion of the project area has either been rendered unusable as a result of the 1964 earthquake and subsequent seismic waves or is needed in order adequately to provide, in accordance with the urban renewal plan for the project, new locations for persons, businesses, and facilities displaced by the earthquake.

* * *

PURCHASE OF ALASKA STATE BONDS

SEC. 56. The [Housing and Home Finance Administrator] *Secretary of Housing and Urban Development* is authorized to purchase, in accordance with the provisions of sections 202(b), 203, and 204 of title II of the Housing Amendments of 1955, the securities and obligations of, or make loans to, the State of Alaska to finance any part of the programs needed to carry out the reconstruction activities in Alaska related to the 1964 earthquake and subsequent seismic waves or to complete capital improvements begun prior to the earthquake: *Provided*, That the aggregate amount of such purchase or loan shall not exceed \$25,000,000.

SECTION 5 OF THE ACT OF SEPTEMBER 8, 1950

[Public Law 86-736]

SEC. 5. Notwithstanding the preceding provisions of this Act, if any of the real property transferred to the Agency under the authority of this Act is not leased by the Agency in accordance with an urban renewal plan approved by the Commissioners, or otherwise disposed of, on or before the date the [Housing and Home Finance Administrator] *Secretary of Housing and Urban Development* makes the final Federal capital grant payment to the Agency for the project pursuant to title I of the Housing Act of 1949, as amended, then the right,

title, and interest in and to so much of the said real property as is not so leased or otherwise disposed of by such date shall revert to the United States, subject to the exclusive control and jurisdiction of the Commissioners of the District of Columbia, and subject to the provisions of the Act approved May 20, 1932 (47 Stat. 161; secs. 8-115 and 8-116, D.C. Code, 1951 edition).

URBAN MASS TRANSPORTATION ACT OF 1964

* * *

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Urban Mass Transportation Act of 1964".

FINDINGS AND PURPOSES

SEC. 2. (a) The Congress finds—

(1) that the predominant part of the Nation's population is located in its rapidly expanding metropolitan and other urban areas, which generally cross the boundary lines of local jurisdictions and often extend into two or more States;

(2) that the welfare and vitality of urban areas, the satisfactory movement of people and goods within such areas, and the effectiveness of housing, urban renewal, highway, and other federally aided programs are being jeopardized by the deterioration or inadequate provision of urban transportation facilities and services, the intensification of traffic congestion, and the lack of coordinated transportation and other development planning on a comprehensive and continuing basis; and

(3) that Federal financial assistance for the development of efficient and coordinated mass transportation systems is essential to the solution of these urban problems.

(b) The purposes of this Act are—

(1) to assist in the development of improved mass transportation facilities, equipment, techniques, and methods, with the cooperation of mass transportation companies both public and private;

(2) to encourage the planning and establishment of areawide urban mass transportation systems needed for economical and desirable urban development, with the cooperation of mass transportation companies both public and private; and

(3) to provide assistance to State and local governments and their instrumentalities in financing such systems, to be operated by public or private mass transportation companies as determined by local needs.

FEDERAL FINANCIAL ASSISTANCE

SEC. 3. (a) In accordance with the provisions of this Act, the [Administrator] *Secretary* is authorized to make grants or loans (directly, through the purchase of securities or equipment trust certificates, or otherwise) to assist States and local public bodies and agencies thereof

in financing the acquisition, construction, reconstruction, and improvement of facilities and equipment for use, by operation or lease or otherwise, in mass transportation service in urban areas and in coordinating such service with highway and other transportation in such areas. Eligible facilities and equipment may include land (but not public highways), buses and other rolling stock, and other real or personal property needed for an efficient and coordinated mass transportation system. No grant or loan shall be provided under this section unless the **[Administrator]** *Secretary* determines that the applicant has or will have (1) the legal, financial, and technical capacity to carry out the proposed project, and (2) satisfactory continuing control, through operation or lease or otherwise, over the use of the facilities and equipment. No such funds shall be used for payment of ordinary governmental or nonproject operating expenses.

(b) No loan shall be made under this section for any project for which a grant is made under this section, except grants made for relocation payments in accordance with section 7(b). Loans under this section shall be subject to the restrictions and limitations set forth in paragraphs (1), (2), and (3) of section 202(b) of the Housing Amendments of 1955. The authority provided in section 203 of such Amendments to obtain funds for loans under clause (2) of section 202 (a) of such Amendments shall (except for undisbursed loan commitments) hereafter be exercised by the **[Administrator]** *Secretary* (without regard to the proviso in section 202(d) of such Amendments) solely to obtain funds for loans under this section.

(c) No financial assistance shall be provided under this Act to any State or local public body or agency thereof for the purpose, directly or indirectly, of acquiring any interest in, or purchasing any facilities or other property of, a private mass transportation company, or for the purpose of constructing, improving, or reconstructing any facilities or other property acquired (after the date of the enactment of this Act) from any such company, or for the purpose of providing by contract or otherwise for the operation of mass transportation facilities or equipment in competition with, or supplementary to, the service provided by an existing mass transportation company, unless (1) the **[Administrator]** *Secretary* finds that such assistance is essential to a program, proposed or under active preparation, for a unified or officially coordinated urban transportation system as part of the comprehensively planned development of the urban area, (2) the **[Administrator]** *Secretary* finds that such program, to the maximum extent feasible, provides for the participation of private mass transportation companies, (3) just and adequate compensation will be paid to such companies for acquisition of their franchises or property to the extent required by applicable State or local laws, and (4) the Secretary of Labor certifies that such assistance complies with the requirements of section 10(c) of this Act.

LONG-RANGE PROGRAM

SEC. 4. (a) Except as specified in section 5, no Federal financial assistance shall be provided pursuant to section 3 unless the **[Administrator]** *Secretary* determines that the facilities and equipment for which the assistance is sought are needed for carrying out a program,

meeting criteria established by him, for a unified or officially coordinated urban transportation system as a part of the comprehensively planned development of the urban area, and are necessary for the sound, economic, and desirable development of such area. Such program shall encourage to the maximum extent feasible the participation of private enterprise. Where facilities and equipment are to be acquired which are already being used in mass transportation service in the urban area, the program must provide that they shall be so improved (through modernization, extension, addition, or otherwise) that they will better serve the transportation needs of the area. The **[Administrator]** *Secretary*, on the basis of engineering studies, studies of economic feasibility, and data showing the nature and extent of expected utilization of the facilities and equipment, shall estimate what portion of the cost of a project to be assisted under section 3 cannot be reasonably financed from revenues—which portion shall hereinafter be called “net project cost”. The Federal grant for such a project shall not exceed two-thirds of the net project cost. The remainder of the net project cost shall be provided, in cash, from sources other than Federal funds, and no refund or reduction of that portion so provided shall be made at any time unless there is at the same time a refund of a proportional amount of the Federal grant.

(b) To finance grants under this Act there is hereby authorized to be appropriated at any time after its enactment not to exceed \$75,000,000 for fiscal year 1965; \$150,000,000 for fiscal year 1966; and \$150,000,000 for fiscal year 1967. Any amount so appropriated shall remain available until expended; and any amount authorized but not appropriated for any fiscal year may be appropriated for any succeeding fiscal year. The **[Administrator]** *Secretary* is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advance or progress payments on account of any grant made pursuant to this Act.

EMERGENCY PROGRAM

SEC. 5. Prior to July 1, 1967, Federal financial assistance may be provided pursuant to section 3 where (1) the program for the development of a unified or officially coordinated urban transportation system, referred to in section 4(a), is under active preparation although not yet completed, (2) the facilities and equipment for which the assistance is sought can reasonably be expected to be required for such a system, and (3) there is an urgent need for their preservation or provision. The Federal grant for such a project shall not exceed one-half of the net project cost: *Provided*, That where a Federal grant is made on such a one-half basis, and the planning requirements specified in section 4(a) are fully met within a three-year period after the execution of the grant agreement, an additional grant may then be made to the applicant equal to one-sixth of the net project cost. The remainder of the net project cost shall be provided, in cash, from sources other than Federal funds, and no refund or reduction of that portion so provided shall be made at any time unless there is at the same time a refund of a proportional amount of the Federal grant.

RESEARCH, DEVELOPMENT, AND DEMONSTRATION PROJECTS

SEC. 6. (a) The [Administrator] *Secretary* is authorized to undertake research, development, and demonstration projects in all phases of urban mass transportation (including the development, testing, and demonstration of new facilities, equipment, techniques, and methods) which he determines will assist in the reduction of urban transportation needs, the improvement of mass transportation service, or the contribution of such service toward meeting total urban transportation needs at minimum cost. He may undertake such projects independently or by contract (including working agreements with other Federal departments and agencies). In carrying out the provisions of this section, the [Administrator] *Secretary* is authorized to request and receive such information or data as he deems appropriate from public or private sources.

(b) The [Administrator] *Secretary* may make available to finance projects under this section not to exceed \$10,000,000 of the mass transportation grant authorization provided in section 4(b), which limit shall be increased to \$20,000,000 on July 1, 1965, and to \$30,000,000 on July 1, 1966.

(c) Nothing contained in this section shall limit any authority of the [Administrator] *Secretary* under section 602 of the Housing Act of 1956 or any other provision of law.

RELOCATION REQUIREMENTS AND PAYMENTS

SEC. 7. (a) No financial assistance shall be extended to any project under section 3 unless the [Administrator] *Secretary* determines that an adequate relocation program is being carried on for families displaced by the project and that there are being or will be provided (in the same area or in other areas generally not less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the displaced families) an equal number of decent, safe, and sanitary dwellings available to those displaced families and reasonably accessible to their places of employment.

(b) Notwithstanding any other provision of this Act, financial assistance extended to any project under section 3 may include grants for relocation payments, as herein defined. Such grants may be in addition to other financial assistance for the project under section 3, and no part of the amount of such relocation payments shall be required to be contributed as a local grant. The term "relocation payments" means payments by the applicant to individuals, families, business concerns, and nonprofit organizations for their reasonable and necessary moving expenses and any actual direct losses of property, except goodwill or profit, for which reimbursement or compensation is not otherwise made, resulting from their displacement by the project. Such payments shall be made subject to such rules and regulations as may be prescribed by the [Administrator] *Secretary*, and shall not exceed \$200 in the case of an individual or family, or \$3,000 (or if greater, the total certified actual moving expenses) in the

case of a business concern or nonprofit organization. Such rules and regulations may include provisions authorizing payment to individuals and families of fixed amounts (not to exceed \$200 in any case) in lieu of their respective reasonable and necessary moving expenses and actual direct losses of property.

COORDINATION OF FEDERAL ASSISTANCE FOR HIGHWAYS AND FOR MASS TRANSPORTATION FACILITIES

SEC. 8. In order to assure coordination of highway and railway and other mass transportation planning and development programs in urban areas, particularly with respect to the provision of mass transportation facilities in connection with federally assisted highways, the **[Administrator]** *Secretary* and the Secretary of Commerce shall consult on general urban transportation policies and programs and shall exchange information on proposed projects in urban areas.

GENERAL PROVISIONS

SEC. 9. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this Act, the **[Administrator]** *Secretary* shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402, except subsections (c) (2) and (f), of the Housing Act of 1950. Funds obtained or held by the **[Administrator]** *Secretary* in connection with the performance of his functions under this Act shall be available for the administrative expenses of the **[Administrator]** *Secretary* in connection with the performance of such functions.

(b) All contracts for construction, reconstruction, or improvement of facilities and equipment in furtherance of the purposes for which a loan or grant is made under this Act, entered into by applicants under other than competitive bidding procedures as defined by the Administrator, shall provide that the **[Administrator]** *Secretary* and the Comptroller General of the United States, or any of their duly authorized representatives, shall, for the purpose of audit and examination, have access to any books, documents, papers, and records of the contracting parties that are pertinent to the operations or activities under such contracts.

(c) As used in this Act—

(1) the term “States” means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the possessions of the United States;

(2) the term “local public bodies” includes municipalities and other political subdivisions of States; public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States; and public corporations, boards, and commissions established under the laws of any State;

[(3) the term “Administrator” means the Housing and Home Finance Administrator;]

(3) the term “Secretary” means the Secretary of Housing and Urban Development;

(4) the term "urban area" means any area that includes a municipality or other built-up place which is appropriate, in the judgment of the [Administrator] *Secretary*, for a public transportation system to serve commuters or others in the locality taking into consideration the local patterns and trends of urban growth; and

(5) the term "mass transportation" means transportation by bus or rail or other conveyance, either publicly or privately owned, serving the general public (but not including school buses or charter or sightseeing service) and moving over prescribed routes.

(d) There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the funds necessary to carry out all functions under this Act except loans under section 3. All funds appropriated under this Act for other than administrative expenses shall remain available until expended.

(e) None of the provisions of this Act shall be construed to authorize the [Administrator] *Secretary* to regulate in any manner the mode of operation of any mass transportation system with respect to which a grant is made under section 3 or, after such grant is made, to regulate the rates, fares, tolls, rentals, or other charges fixed or prescribed for such system by any local public or private transit agency; but nothing in this subsection shall prevent the [Administrator] *Secretary* from taking such actions as may be necessary to require compliance by the agency or agencies involved with any undertakings furnished by such agency or agencies in connection with the application for the grant.

LABOR STANDARDS

SEC. 10. (a) The [Administrator] *Secretary* shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed with the assistance of loans or grants under this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. The [Administrator] *Secretary* shall not approve any such loan or grant without first obtaining adequate assurance that required labor standards will be maintained upon the construction work.

(b) The Secretary of Labor shall have, with respect to the labor standards specified in subsection (a), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c).

(c) It shall be a condition of any assistance under this Act that fair and equitable arrangements are made, as determined by the Secretary of Labor, to protect the interests of employees affected by such assistance. Such protective arrangements shall include, without being limited to, such provisions as may be necessary for (1) the preservation of rights, privileges, and benefits (including continuation of pension rights and benefits) under existing collective bargaining agreements or otherwise; (2) the continuation of collective bargaining rights; (3) the protection of individual employees against a worsening of their

positions with respect to their employment; (4) assurances of employment to employees of acquired mass transportation systems and priority of reemployment of employees terminated or laid off; and (5) paid training or retraining programs. Such arrangements shall include provisions protecting individual employees against a worsening of their positions with respect to their employment which shall in no event provide benefits less than those established pursuant to section 5(2)(f) of the Act of February 4, 1887 (24 Stat. 379), as amended. The contract for the granting of any such assistance shall specify the terms and conditions of the protective arrangements.

AIR POLLUTION CONTROL

SEC. 11. In providing financial assistance to any project under section 3, the [Administrator] *Secretary* shall take into consideration whether the facilities and equipment to be acquired, constructed, reconstructed, or improved will be designed and equipped to prevent and control air pollution in accordance with any criteria established for this purpose by the Secretary of Health, Education, and Welfare.

STATE LIMITATION

SEC. 12. Grants made under section 3 (other than grants for relocation payments in accordance with section 7(b)) for projects in any one State shall not exceed in the aggregate 12½ per centum of the aggregate amount of grant funds authorized to be appropriated pursuant to section 4(b).

SECTION 501 OF THE MILITARY CONSTRUCTION AUTHORIZATION ACT, 1966

TITLE V

MILITARY FAMILY HOUSING

SEC. 501. The Secretary of Defense, or his designee, is authorized to construct, at the locations hereinafter named, family housing units and trailer court facilities, in the numbers hereinafter listed, but no family housing construction shall be commenced at any such locations in the United States, until the Secretary shall have consulted with the [Administrator, Housing and Home Finance Agency] *Secretary of Housing and Urban Development*, as to the availability of adequate private housing at such locations. If the Secretary and the [Administrator] *Secretary of Housing and Urban Development* are unable to reach agreement with respect to the availability of adequate private housing at any location, the Secretary shall immediately notify the Committee on Armed Services of the House of Representatives and the Senate, in writing, of such difference of opinion, and no contract for construction at such location shall be entered into for a period of thirty days after such notification has been given. This authority shall include the authority to acquire land, and interests in land, by gift, purchase, exchange of Government-owned land, or otherwise.

TITLE 18, UNITED STATES CODE

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Chapter 25.—COUNTERFEITING AND FORGERY

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§ 493. Bonds and obligations of certain lending agencies.

Whoever falsely makes, forges, counterfeits or alters any note, bond, debenture, coupon, obligation, instrument, or writing in imitation or purporting to be in imitation of, a note, bond, debenture, coupon, obligation, instrument or writing, issued by the Reconstruction Finance Corporation, Federal Deposit Insurance Corporation, Home Owners' Loan Corporation, Farm Credit Administration, [Federal Housing Administration] *Department of Housing and Urban Development*, or any land bank, intermediate credit bank, bank for cooperatives or any lending, mortgage, insurance, credit or savings and loan corporation or association authorized or acting under the laws of the United States, shall be fined not more than \$10,000 or imprisoned not more than five years, or both.

Whoever passes, utters, or publishes, or attempts to pass, utter or publish any note, bond, debenture, coupon, obligation, instrument or document knowing the same to have been falsely made, forged, counterfeited or altered, contrary to the provisions of this section, shall be fined not more than \$10,000 or imprisoned not more than five years, or both.

Chapter 31.—EMBEZZLEMENT AND THEFT

* * * * *

§ 657. Lending, credit and insurance institutions.

Whoever, being an officer, agent or employee of or connected in any capacity with the Reconstruction Finance Corporation, Federal Deposit Insurance Corporation, Home Owners' Loan Corporation, Farm Credit Administration, [Federal Housing Administration] *Department of Housing and Urban Development*, Federal Crop Insurance Corporation, Farmers' Home Corporation, the Secretary of Agriculture acting through the Farmers' Home Administration, or any land bank, intermediate credit bank, bank for cooperatives or any lending, mortgage, insurance, credit or savings and loan corporation or association authorized or acting under the laws of the United States or any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation, or any small business investment company, and whoever, being a receiver of any such institution, or agent or employee of the receiver, embezzles, abstracts, purloins or willfully misapplies any moneys, funds, credits, securities or other things of value belonging to such institution, or pledged or otherwise intrusted to its care, shall be fined not more than \$5,000 or imprisoned not more than five years, or both; but if the amount or value embezzled, abstracted, purloined or misapplied does not exceed \$100, he shall be fined not more than \$1,000 or imprisoned not more than one year, or both.

* * * * *

Chapter 33.—EMBLEMS, INSIGNIA AND NAMES

* * * * *

§ 709. False advertising or misuse of names to indicate Federal agency.

Whoever, except as permitted by the laws of the United States, uses the words “national”, “Federal”, “United States”, “reserve”, or “Deposit Insurance” as part of the business or firm name of a person, corporation, partnership, business trust, association or other business entity engaged in the banking, loan, building and loan, brokerage, factorage, insurance, indemnity, savings or trust business; or

Whoever falsely advertises or represents, or publishes or displays any sign, symbol or advertisement reasonably calculated to convey the impression that a nonmember bank, banking association, firm or partnership is a member of the Federal reserve system; or

Whoever, except as expressly authorized by Federal law, uses the words “Federal Deposit”, “Federal Deposit Insurance”, or “Federal Deposit Insurance Corporation” or a combination of any three of these words, as the name or a part thereof under which he or it does business, or advertises or otherwise represents falsely by any device whatsoever that his or its deposit liabilities, obligations, certificates, or shares are insured or guaranteed by the Federal Deposit Insurance Corporation, or by the United States or by any instrumentality thereof, or whoever advertises that his or its deposits, shares, or accounts are federally insured, or falsely advertises or otherwise represents by any device whatsoever the extent to which or the manner in which the deposit liabilities of an insured bank or banks are insured by the Federal Deposit Insurance Corporation; or

Whoever, not being organized under chapter 7 of Title 12, advertises or represents that it makes Federal Farm loans or advertises or offers for sale as Federal Farm loan bonds any bond not issued under chapter 7 of Title 12, or uses the word “Federal” or the words “United States” or any other words implying Government ownership, obligation or supervision in advertising or offering for sale any bond, note, mortgage or other security not issued by the Government of the United States under the provisions of said chapter 7 or some other Act of Congress; or

Whoever uses the words “Federal Home Loan Bank” or any combination or variation of these words alone or with other words as a business name or part of a business name, or falsely publishes, advertises or represents by any device or symbol or other means reasonably calculated to convey the impression that he or it is a Federal Home Loan Bank or member of or subscriber for the stock of a Federal Home Loan Bank; or

Whoever uses the words “National Agricultural Credit Corporation” as part of the business or firm name of a person, corporation, partnership, business trust, association or other business entity not organized under the laws of the United States as a National Agricultural Credit Corporation; or

Whoever uses the words “Federal intermediate credit bank” as part of the business or firm name for any person, corporation, partnership, business trust, association or other business entity not organized as

an intermediate credit bank under the laws of the United States; or

Whoever uses as a firm or business name the words "Housing and Home Finance Agency", "Federal Housing Administration", "Federal National Mortgage Association", or "Public Housing Administration" or the letters "FHA" or any combination or variation of those words or the letters, "FHA" alone or with other words or letters reasonably calculated to convey the false impression that such name or business has some connection with, or authorization from, the Housing and Home Finance Agency, the Federal Housing Administration, the Federal National Mortgage Association, the Public Housing Administration, the Government of the United States or any agency thereof, which does not in fact exist, or falsely claims that any repair, improvement, or alteration of any existing structure is required or recommended by the Housing and Home Finance Agency, the Federal Housing Administration, the Federal National Mortgage Association, the Public Housing Administration, the Government of the United States or any agency thereof, for the purpose of inducing any person to enter into a contract for the making of such repairs, alterations, or improvements, or falsely advertises or falsely represents by any device whatsoever that any housing unit, project, business, or product has been in any way endorsed, authorized, inspected, appraised, or approved by the Housing and Home Finance Agency, the Federal Housing Administration, the Federal National Mortgage Association, the Public Housing Administration, the Government of the United States or any agency thereof; or]

Whoever uses as a firm or business name the words "Department of Housing and Urban Development", "Housing and Home Finance Agency", "Federal Housing Administration", "Federal National Mortgage Association", "United States Housing Authority", or "Public Housing Administration" or the letters "HUD", "FHA", "PHA", or "USHA", or any combination or variation of those words or the letters "HUD", "FHA", "PHA", or "USHA" alone or with other words or letters reasonably calculated to convey the false impression that such name or business has some connection with, or authorization from, the Department of Housing and Urban Development, the Housing and Home Finance Agency, the Federal Housing Administration, the Federal National Mortgage Association, the United States Housing Authority, the Public Housing Administration, the Government of the United States or any agency thereof, which does not in fact exist, or falsely claims that any repair, improvement, or alteration of any existing structure is required or recommended by the Department of Housing and Urban Development, the Housing and Home Finance Agency, the Federal Housing Administration, the Federal National Mortgage Association, the United States Housing Authority, the Public Housing Administration, the Government of the United States or any agency thereof, for the purpose of inducing any person to enter into a contract for the making of such repairs, alterations, or improvements, or falsely advertises or falsely represents by any device whatsoever that any housing unit, project, business, or product has been in any way endorsed, authorized, inspected, appraised, or approved by the Department of Housing and Urban Development, the Housing and Home Finance Agency, the Federal Housing Administration, the Fed-

eral National Mortgage Association, the United States Housing Authority, the Public Housing Administration, the Government of the United States or any agency thereof; or

Whoever, except with the written permission of the Director of the Federal Bureau of Investigation, knowingly uses the words "Federal Bureau of Investigation" or the initials "F.B.I.," or any colorable imitation of such words or initials, in connection with any advertisement, circular, book, pamphlet or other publication, play, motion picture, broadcast, telecast, or other production, in a manner reasonably calculated to convey the impression that such advertisement, circular, book, pamphlet or other publication, play, motion picture, broadcast, telecast, or other production, is approved, endorsed, or authorized by the Federal Bureau of Investigation; or

Whoever uses as a firm or business name the words "Reconstruction Finance Corporation" or any combination or variation of these words—

Shall be punished as follows: a corporation, partnership, business trust, association, or other business entity, by a fine of not more than \$1,000; an officer or member thereof participating or knowingly acquiescing in such violation or any individual violating this section, by a fine of not more than \$1,000 or imprisonment for not more than one year, or both.

This section shall not make unlawful the use of any name or title which was lawful on the date of enactment of this title.

This section shall not make unlawful the use of the word "national" as part of the name of any business or firm engaged in the insurance or indemnity business, whether such firm was engaged in the insurance or indemnity business prior or subsequent to the date of enactment of this paragraph.

A violation of this section may be enjoined at the suit of the United States Attorney, upon complaint by any duly authorized representative of any department or agency of the United States.

* * * * *

Chapter 47.—FRAUD AND FALSE STATEMENTS

Sec.

1001. Statements or entries generally.
1002. Possession of false papers to defraud United States.
1003. Demands against the United States.
1004. Certification of checks.
1005. Bank entries, reports and transactions.
1006. Federal credit institution entries, reports and transactions.
1007. Federal Deposit Insurance Corporation transactions.
1008. Federal Savings and Loan Insurance Corporation transactions.
1009. Rumors regarding Federal Savings and Loan Insurance Corporation.
1010. **[Federal Housing Administration transactions.]** *Department of Housing and Urban Development and Federal Housing Administration transactions.*
1011. Federal land bank mortgage transactions.
1012. **[Public Housing Administration transactions.]** *Department of Housing and Urban Development transactions.*
1013. Farm loan bonds and credit bank debentures.
1014. Loan and credit applications generally; renewals and discounts; crop insurance.
1015. Naturalization, citizenship or alien registry.
1016. Acknowledgment of appearance or oath.

Chapter 47.—FRAUD AND FALSE STATEMENTS—Continued

Sec.

- 1017. Government seals wrongfully used and instruments wrongfully sealed.
- 1018. Official certificates or writings.
- 1019. Certificates by consular officers.
- 1020. Highway projects.
- 1021. Title records.
- 1022. Delivery of certificate, voucher, receipt for military or naval property.
- 1023. Insufficient delivery of money or property for military or naval service.
- 1024. Purchase or receipt of military, naval, or veterans' facilities property.
- 1025. False pretenses on high seas and other waters.
- 1026. Compromise, adjustment, or cancellation of farm indebtedness.
- 1027. False statements and concealment of facts in relation to documents required by the Welfare and Pension Plans Disclosure Act.

* * * * *

§ 1006. Federal credit institution entries, reports and transactions.

Whoever, being an officer, agent or employee of or connected in any capacity with the Reconstruction Finance Corporation, Federal Deposit Insurance Corporation, Home Owner's Loan Corporation, Farm Credit Administration, [Federal Housing Administration] *Department of Housing and Urban Development*, Federal Crop Insurance Corporation, Farmers' Home Corporation, the Secretary of Agriculture acting through the Farmers' Home Administration, or any land bank, intermediate credit bank, bank for cooperatives or any lending, mortgage, insurance, credit or savings and loan corporation or association authorized or acting under the laws of the United States or any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation, or any small business investment company, with intent to defraud any such institution or any other company, body politic or corporate, or any individual, or to deceive any officer, auditor, examiner or agent of any such institution or of department or agency of the United States, makes any false entry in any book, report or statement of or to any such institution, or without being duly authorized, draws any order or bill of exchange, makes any acceptance, or issues, puts forth or assigns any note, debenture, bond or other obligation, or draft, bill of exchange, mortgage, judgment, of decree, or, with intent to defraud the United States or any agency thereof, or any corporation, institution, or association referred to in this section, participates or shares in or receives directly or indirectly any money, profit, property, or benefits through any transaction, loan, commission, contract, or any other act of any such corporation, institution, or association, shall be fined not more than \$10,000 or imprisoned not more than five years, or both.

* * * * *

§ 1010. [Federal Housing Administration transactions.] *Department of Housing and Urban Development and Federal Housing Administration transactions.*

Whoever, for the purpose of obtaining any loan or advance of credit from any person, partnership, association, or corporation with the intent that such loan or advance of credit shall be offered to or accepted by the [Federal Housing Administration] *Department of*

Housing and Urban Development for insurance, or for the purpose of obtaining any extension or renewal of any loan, advance of credit, or mortgage insured by such [Administration] *Department*, or the acceptance, release, or substitution of any security on such a loan, advance of credit, or for the purpose of influencing in any way the action of such [Administration] *Department*, makes, passes, utters, or publishes any statement, knowing the same to be false, or alters, forges, or counterfeits any instrument, paper, or document, or utters, publishes, or passes as true any instrument, paper, or document, knowing it to have been altered, forged, or counterfeited, or willfully overvalues any security, asset, or income, shall be fined not more than \$5,000 or imprisoned not more than two years, or both.

* * * * *

§ 1012. [Public Housing Administration transactions.] *Department of Housing and Urban Development transactions.*

Whoever, with intent to defraud, makes any false entry in any book of the [Public Housing Administration] *Department of Housing and Urban Development* or makes any false report or statement to or for such [Administration] *Department*; or

Whoever receives any compensation, rebate, or reward, with intent to defraud such [Administration] *Department* or with intent unlawfully to defeat its purposes; or

Whoever induces or influences such [Administration] *Department* to purchase or acquire any property or to enter into any contract and willfully fails to disclose any interest which he has in such property or in the property to which such contract relates, or any special benefit which he expects to receive as a result of such contract—

Shall be fined not more than \$1,000 or imprisoned not more than one year, or both.

TITLE 38, UNITED STATES CODE

* * * * *

§ 1802. Basic entitlement

* * * * *

(d) Loans will be automatically guaranteed under this chapter only if made (1) by any Federal land bank, national bank, State bank, private bank, building and loan association, insurance company, credit union, or mortgage and loan company, that is subject to examination and supervision by an agency of the United States or of any State, (2) by any State, or (3) by any [Federal Housing Administration approved mortgagee designated by the Federal Housing Commissioner] *mortgagee approved by the Secretary of Housing and Urban Development and designated by him* as a certified agent and which is acceptable to the Administrator. Any loan proposed to be made to a veteran pursuant to this chapter by any lender not of a class specified in the preceding sentence may be guaranteed by the Administrator if he finds that it is in accord otherwise with the provisions of this chapter.

* * * * *

§ 1804. Restrictions on loans

(a) No loan for the purchase or construction of residential property shall be financed through the assistance of this chapter unless the property meets or exceeds minimum requirements for planning, construction, and general acceptability prescribed by the Administrator; however, this subsection shall not apply to a loan for the purchase of residential property on which construction is fully completed more than one year before such loan is made.

(b) The Administrator may refuse to appraise any dwelling or housing project owned, sponsored, or to be constructed by any person identified with housing previously sold to veterans under this chapter as to which substantial deficiencies have been discovered, or as to which there has been a failure or indicated inability to discharge contractual liabilities to veterans, or as to which it is ascertained that the type of contract of sale or the methods or practices pursued in relation to the marketing of such properties were unfair or unduly prejudicial to veteran purchasers. The Administrator may also refuse to appraise any dwelling or housing project owned, sponsored, or to be constructed by any person refused the benefits of participation under the National Housing Act pursuant to a determination of the [Federal Housing Commissioner] *Secretary of Housing and Urban Development* under section 512 of that Act.

(c) No loan for the purchase or construction of residential property shall be financed through the assistance of this chapter unless the veterans applicant, at the time that he applies for the loan, and also at the time that the loan is closed, certifies in such form as the Administrator may require, that he intends to occupy the property as his home. No loan for the repair, alteration, or improvement of residential property shall be financed through the assistance of the provisions of this chapter unless the veteran applicant, at the time that he applies to the lender for the loan, and also at the time that the loan is closed, certifies, in such form as may be required by the Administrator, that he occupies the property as his home. For the purposes of this chapter the requirement that the veteran recipient of a guaranteed or direct home loan must occupy or intend to occupy the property as his home means that the veteran as of the date of his certification actually lives in the property personally as his residence or actually intends upon completion of the loan and acquisition of the dwelling unit to move into the property personally within a reasonable time and to utilize such property as his residence. Notwithstanding the foregoing requirements of this subsection, the provisions for certification by the veteran at the time he applies for the loan and at the time the loan is closed shall be considered to be satisfied if the Administrator finds that (1) in the case of a loan for repair, alteration, or improvement the veteran in fact did occupy the property at such times, or (2) in the case of a loan for construction or purchase the veteran intended to occupy the property as his home at such times and he did in fact so occupy it when, or within a reasonable time after, the loan was closed.

(d) Whenever the Administrator finds with respect to guaranteed or insured loans that any lender or holder has failed to maintain adequate loan accounting records, or to demonstrate proper ability to

service loans adequately or to exercise proper credit judgment or has willfully or negligently engaged in practices otherwise detrimental to the interest of veterans or of the Government, he may refuse either temporarily or permanently to guarantee or insure any loans made by such lender or holder and may bar such lender or holder from acquiring loans guaranteed or insured under this chapter; however, the Administrator shall not refuse to pay a guaranty or insurance claim on loans theretofore entered into in good faith between a veteran and such lender. The Administrator may also refuse either temporarily or permanently to guarantee or insure any loans made by a lender or holder refused the benefits of participation under the National Housing Act pursuant to a determination of the [Federal Housing Commissioner] *Secretary of Housing and Urban Development* under section 512 of that Act.

(e) No loan for the purchase or construction of new residential property (other than property served by a water and sewerage system approved by the [Federal Housing Commissioner] *Secretary of Housing and Urban Development* pursuant to title X of the National Housing Act) shall be financed through the assistance of this chapter, except pursuant to a commitment made prior to the date of the enactment of the Housing and Urban Development Act of 1965, if such property is not served by a public or adequate community water and sewerage system and is located in an area where the appropriate local officials certify that the establishment of such systems is economically feasible. For purposes of this subsection, the economic feasibility of establishing public or adequate community water and sewerage systems shall be determined without regard to whether such establishment is authorized by law or is subject to approval by one or more local governments or public bodies.

SECTIONS 12 AND 18 OF THE FEDERAL HOME LOAN BANK ACT

INCORPORATION OF BANKS, AND CORPORATE POWERS

SEC. 12. The directors of each Federal Home Loan Bank shall, in accordance with such rules and regulations as the board may prescribe, make and file with the board at the earliest practicable date after the establishment of such bank, an organization certificate which shall contain such information as the board may require. Upon the making and filing of such organization certificate with the board, such bank shall become, as of the date of the execution of its organization certificate, a body corporate, and as such and in its name as designated by the board it shall have power to adopt, alter, and use a corporate seal; to make contracts; to purchase or lease and hold or dispose of such real estate as may be necessary or convenient for the transaction of its business [but no bank building shall be bought or erected to house any such bank, nor shall any such bank make any lease] *but, except with the prior approval of the board, no bank building shall be bought or erected to house any such bank, or leased by such bank under any lease,* for such purpose which has a term of more than ten years; to

sue and be sued, to complain, and to defend, in any court of competent jurisdiction, State, or Federal; to select, employ, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary for the transaction of its business, subject to the approval of the board; to define their duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents; and, by its board of directors, to prescribe, amend, and repeal by-laws, rules, and regulations governing the manner in which its affairs may be administered; and the powers granted to it by law may be exercised and enjoyed to the approval of the board. The president of a Federal Home Loan Bank may also be a member of the board of directors thereof, but no other officer, employee, attorney, or agent of such bank, who receives compensation, may be a member of the board of directors. Each such bank shall have all such incidental powers, not inconsistent with the provisions of this Act, as are customary and usual in corporations generally.

* * * * *

ADMINISTRATIVE EXPENSES

SEC. 18. (a) There is hereby authorized to be appropriated the sum of not to exceed \$300,000 for salaries, travel and subsistence expenses, rents, printing and binding, furniture and equipment, law books, books of reference, periodicals, newspapers, maps, contract stenographic reporting services, telephone and telegraph services, and all other necessary expenses of the board, together with expenses preliminary to the organization and establishment of the banks created hereunder, until the end of the fiscal year 1933.

(b) The board shall have power to levy semiannually upon the Federal Home Loan Banks, and they shall pay, on such equitable basis as the board shall determine, an assessment sufficient in its judgment to provide for the payment of its estimated expenses for the half year succeeding the levying of each such assessment, beginning with the second half of the calendar year 1933. All expenses of the board incurred in carrying out the provisions of this Act, as determined by it, beginning July 1, 1933, shall be paid from the proceeds of such assessments, and if any deficiency shall occur in such fund at any time between such semiannual assessments the board shall have power to make an immediate assessment against the banks to cover such deficiency on the same basis as the original assessment. If any surplus shall remain from any assessment after the expiration of the semiannual period for which it was levied, such surplus may be deducted from the next following assessment. *Such assessments may include such amounts as the board may deem advisable for carrying out the provisions of subsection (c) of this section.*

(c) (1) *The board, utilizing the services of the Administrator of General Services (hereinafter referred to as the "Administrator"), and subject to any limitation hereon which may hereafter be imposed in appropriation Acts, is hereby authorized—*

(A) *to acquire, in the name of the United States, real property in the District of Columbia, for the purposes set forth in this subsection;*

(B) to construct, develop, furnish, and equip such buildings thereon and such facilities as in its judgment may be appropriate to provide, to such extent as the board may deem advisable, suitable and adequate quarters and facilities for the board and the agencies under its administration or supervision;

(C) to enlarge, remodel, or reconstruct any of the same; and

(D) to make or enter into contracts for any of the foregoing.

(2) The board may require of the respective banks, and they shall make to the board, such advances of funds for the purposes set out in paragraph (1) as in the sole judgment of the board may from time to time be advisable. Such advances shall be in addition to the assessments authorized in subsection (b) and shall be apportioned by the board among the banks in proportion to the total assets of the respective banks, determined in such manner and as of such times as the board may prescribe. Each such advance shall bear interest at the rate of $4\frac{1}{2}$ per centum per annum from the date of the advance and shall be repaid by the board in such installments and over such period, not longer than twenty-five years from the making of the advance, as the board may determine. Payments of interest and principal upon such advances shall be made from receipts of the board or from other sources which may from time to time be available to the board. The obligation of the board to make any such payment shall not be regarded as an obligation of the United States. To such extent as the board may prescribe any such obligation shall be regarded as a legal investment for the purposes of subsections (g) and (h) of section 11 and for the purposes of section 16.

(3) The plans and designs for such buildings and facilities and for any such enlargement, remodeling, or reconstruction shall, to such extent as the chairman of the board may request, be subject to his approval.

(4) Upon the making of arrangements mutually agreeable to the board and the Administrator, which arrangements may be modified from time to time by mutual agreement between them and may include but shall not be limited to the making of payments by the board and such agencies to the Administrator and by the Administrator to the board, the custody, management, and control of such buildings and facilities and of such real property shall be vested in the Administrator in accordance therewith. Until the making of such arrangements such custody, management, and control, including the assignment and allotment and the reassignment and reallocation of building and other space, shall be vested in the board.

(5) Any proceeds (including advances) received by the board in connection with this subsection, and any proceeds from the sale or other disposition of real or other property acquired by the board under this subsection, shall be considered as receipts of the board, and obligations and expenditures of the board and such agencies in connection with this subsection shall not be considered as administrative expenses. As used in this subsection, the term "property" shall include interests in property.

(6) With respect to its functions under this subsection the board shall (A) annually prepare and submit a budget program as provided in title I of the Government Corporation Control Act with regard to

wholly owned Government corporations, and for purposes of this sentence, the terms "wholly owned Government corporations" and "Government corporations", wherever used in such title, shall include the board, and (B) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions as provided in such title, and no other audit, settlement, or adjustment shall be required with respect to transactions under this subsection or with respect to claims, demands, or accounts by or against any person arising thereunder. Except as otherwise provided in this subsection or by the board, the provisions of this subsection and the functions thereby or thereunder subsisting shall be applicable and exercisable notwithstanding and without regard to the Act of June 20, 1938 (D.C. Code, secs. 5-413—5-428), except that the proviso of section 16 thereof shall apply to any building constructed under this subsection, and section 306 of the Act of July 30, 1947 (61 Stat. 584), or any other provision of law relating to the construction, alteration, repair, or furnishing of public or other buildings or structures or the obtaining of sites therefor, but any person or body in whom any such function is vested may provide for delegation or redelegation of the exercise of such function.

(7) No obligation shall be incurred and no expenditure, except in liquidation of obligation, shall be made pursuant to the first two subparagraphs of paragraph (1) of this subsection if the total amount of all obligations incurred pursuant thereto would thereupon exceed \$13,200,000 or such greater amount as may be provided in an appropriation Act or other law.



89TH CONGRESS
2D SESSION

H. R. 15890

[Report No. 1699]

IN THE HOUSE OF REPRESENTATIVES

JUNE 23, 1966

Mr. PATMAN introduced the following bill; which was referred to the Committee on Banking and Currency

JULY 15, 1966

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To assist city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in these areas, to improve and amend our housing programs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Housing and Urban
4 Development Act of 1966".

5 TITLE I—DEMONSTRATION CITIES PROGRAM

6 FINDINGS AND DECLARATION OF PURPOSE

7 SEC. 101. The Congress hereby finds and declares that
8 improving the quality of urban life is the most critical do-
9 mestic problem facing the United States. The persistence

1 of widespread urban slums and blight, the concentration of
2 persons of low income in older urban areas, and the unmet
3 needs for additional housing and community facilities and
4 services arising from rapid expansion of our urban popula-
5 tion have resulted in a marked deterioration in the environ-
6 ment of large numbers of our people while the Nation as a
7 whole prospers.

8 The Congress further finds and declares that cities, both
9 large and small, do not have adequate resources to deal
10 effectively with the critical problems facing them, and that
11 additional Federal assistance is essential to enable cities to
12 plan, develop, and conduct programs to improve their physi-
13 cal environment, increase their supply of adequate housing
14 for low- and moderate-income people, and provide educa-
15 tional and social services vital to health and welfare.

16 It is the purpose of this title to provide additional finan-
17 cial and technical assistance to enable cities, both large and
18 small, to plan, develop, and carry out programs to rebuild
19 or revitalize large slum and blighted areas and expand and
20 improve public programs and services available to the people
21 who live in such areas.

22 It is further the purpose of this title to provide the
23 additional financial aid needed to enable cities to participate
24 more effectively in existing Federal assistance programs.

25 It is further the purpose of this title to assist cities to

1 coordinate activities aided under existing Federal programs
2 with other public and private actions in order to provide
3 the most effective and economical concentration of Federal,
4 State, local, and private efforts to improve the quality of
5 urban life.

6 BASIC AUTHORITY

7 SEC. 102. The Secretary of Housing and Urban Devel-
8 opment (hereinafter referred to as the "Secretary") is
9 authorized to make grants and provide technical assistance,
10 as provided by this title, to enable city demonstration agen-
11 cies (as herein defined) to plan, develop, and carry out
12 comprehensive city demonstration programs.

13 COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

14 SEC. 103. (a) A "comprehensive city demonstration
15 program" is a locally prepared and scheduled program for
16 rebuilding or restoring entire sections and neighborhoods of
17 slum and blighted areas through the concentrated and
18 coordinated use of all available Federal aids and local private
19 and governmental resources, including citywide aids and
20 resources necessary to improve the general welfare of the
21 people living or working in the areas.

22 (b) A comprehensive city demonstration program is
23 eligible for assistance under sections 105, 106, and 107 only
24 if the Secretary determines that—

25 (1) the program is of sufficient magnitude in both

1 physical and social dimensions (i) to remove or arrest
2 blight and decay in entire sections or neighborhoods,
3 (ii) to provide a substantial increase in the supply of
4 standard housing of low and moderate cost, (iii) to
5 make marked progress in serving the poor and disad-
6 vantaged people living in slum and blighted areas with
7 a view to reducing educational disadvantages, disease,
8 and enforced idleness, and (iv) to make a substantial
9 impact on the sound development of the entire city;

10 (2) the rebuilding or restoration of sections or
11 neighborhoods in accordance with the program will
12 contribute to a well-balanced city with adequate public
13 facilities (including those needed for transportation, edu-
14 cation, and recreation), commercial facilities adequate
15 to serve the residential areas, good access to industrial
16 or other centers of employment, and housing for all
17 income levels;

18 (3) the program provides for educational and social
19 services necessary to serve the poor and disadvantaged
20 in the area, widespread citizen participation in the pro-
21 gram, maximum opportunities for employing residents
22 of the area in all phases of the program, and enlarged
23 opportunity for work and training;

24 (4) adequate local resources are, or will be, avail-
25 able for the completion of the program as scheduled;

(5) administrative machinery is available for carrying out the program on a consolidated and coordinated basis, the local governing body has approved the program, and local agencies whose cooperation is necessary to the success of the program have indicated their intent to furnish such cooperation;

(6) there exists a relocation plan meeting the requirements of the regulations referred to in section 107;

(7) the program is designed to assure maximum opportunity in the choice of housing accommodations by all citizens; and

(8) the program meets such additional requirements as the Secretary may establish to carry out the purposes of this title.

(c) In making the determinations under subsection (b), the Secretary shall give maximum consideration to whether—

(1) substantive local laws, regulations, and other requirements are, or can be expected to be, consistent with the objectives of the program;

(2) the program will enhance neighborhoods by applying a high standard of design and will, as appropriate, maintain distinctive natural, historical, and cultural characteristics;

(3) the program is designed to make maximum

1 use of new and improved technology and design, includ-
2 ing cost reduction techniques;

3 (4) the program will encourage good community
4 relations and counteract the segregation of housing by
5 race or income; and

6 (5) the program is consistent with comprehensive
7 planning for the entire urban or metropolitan area.

8 FINANCIAL ASSISTANCE FOR PLANNING COMPREHENSIVE
9 CITY DEMONSTRATION PROGRAMS

10 SEC. 104. (a) The Secretary is authorized to make
11 grants to, and to contract with, city demonstration agencies
12 to pay 80 per centum of the costs of planning and developing
13 comprehensive city demonstration programs.

14 (b) Financial assistance will be provided under this sec-
15 tion only if (1) the application for such assistance has been
16 approved by the local governing body of the city, and (2)
17 the Secretary has determined that there exist (i) administra-
18 tive machinery through which coordination of all related
19 planning activities of local agencies can be achieved, and
20 (ii) evidence that necessary cooperation of agencies engaged
21 in related local planning can be obtained.

1 FINANCIAL ASSISTANCE FOR APPROVED COMPREHENSIVE
2 CITY DEMONSTRATION PROGRAMS

3 SEC. 105. (a) The Secretary shall review plans for com-
4 prehensive city demonstration programs in order to deter-
5 mine that (1) such plans satisfy the criteria for such pro-
6 grams set forth in section 103, and (2) the various projects
7 or activities to be undertaken in connection with such pro-
8 grams are scheduled to be initiated within a reasonably short
9 period of time.

10 (b) The Secretary is authorized to make grants to, and
11 to contract with, city demonstration agencies to pay 80 per
12 centum of the cost of administering approved comprehensive
13 city demonstration programs, but not the cost of administer-
14 ing any project or activity assisted under a Federal grant-
15 in-aid program.

16 (c) To assist the city to carry out the projects or activi-
17 ties included within an approved comprehensive city demon-
18 stration program, the Secretary is authorized to make grants
19 to the city demonstration agency of not to exceed 80 per
20 centum of the aggregate amount of non-Federal contributions
21 otherwise required to be made to all projects or activities

1 assisted by Federal grant-in-aid programs (as hereinafter
2 defined which are undertaken in connection with such dem-
3 onstration program: *Provided*, That the specific amount of
4 any such grant shall take into account the number and
5 intensity of the economic and social pressures in the sections
6 or neighborhoods involved, such as those involving or result-
7 ing from population density, crime rate, public welfare par-
8 ticipation, delinquency rate, poverty levels, unemployment
9 rate, educational levels, health and disease characteristics,
10 and degree of substandard and dilapidated housing: *Pro-*
11 *vided further*, That the amount of non-Federal contribution
12 required for each project in a Federal grant-in-aid program
13 shall be certified to the Secretary by the Federal department
14 or agency (other than the Department of Housing and Urban
15 Development) administering such program, and the Secre-
16 tary shall accept such determination in computing the grants
17 hereunder.

18 (d) Grant funds provided pursuant to subsection (c) of
19 this section shall be used for projects or activities assisted
20 under a Federal grant-in-aid program which are undertaken
21 as part of an approved comprehensive city demonstration
22 program, or for other projects or activities undertaken as part
23 of such demonstration program. If used for projects or ac-
24 tivities assisted under a Federal grant-in-aid program which

1 are undertaken as part of such demonstration program, funds
2 provided pursuant to subsection (c) shall be credited as part
3 or all of the required non-Federal contribution to such proj-
4 ects or activities.

5 (e) The Secretary shall not make any grant under this
6 section unless he has obtained satisfactory assurances that
7 the locality will maintain, during the period and approved
8 comprehensive city demonstration program is being carried
9 out, a level of aggregate expenditures for activities similar
10 to those being assisted under this section not less than the
11 level of aggregate expenditures for such activities prior to
12 initiation of the comprehensive city demonstration program.

13 TECHNICAL ASSISTANCE

14 SEC. 106. The Secretary is authorized to undertake such
15 activities as he determines to be desirable to provide, either
16 directly or by contracts or other arrangements, technical
17 assistance to city demonstration agencies to assist such
18 agencies in planning, developing, and administering compre-
19 hensive city demonstration programs.

20 RELOCATION REQUIREMENTS AND PAYMENTS

21 SEC. 107. (a) A comprehensive city demonstration pro-
22 gram must include a plan for the relocation of individuals,
23 families, business concerns, and nonprofit organizations dis-

1 placed or to be displaced in carrying out the city demonstra-
2 tion program. The relocation plan shall be consistent with
3 regulations prescribed by the Secretary to assure that (1)
4 the provisions and procedures included in the plan meet
5 relocation standards equivalent to those prescribed under
6 section 105 (c) of the Housing Act of 1949 with respect
7 to urban renewal projects assisted under title I of that Act,
8 and (2) relocation activities are coordinated to the maxi-
9 mum extent feasible with the increase in the supply of
10 decent, safe, and sanitary housing for families and individuals
11 of low or moderate income, as provided under the compre-
12 hensive city demonstration program, or otherwise, in order
13 to best maintain the available supply of such housing for all
14 such families and individuals throughout the city.

15 (b) (1) To the extent not otherwise authorized under
16 any Federal law, financial assistance extended to a compre-
17 hensive city demonstration agency under section 105 shall
18 include grants to cover the full cost of relocation payments,
19 as herein defined. Such grants shall be in addition to other
20 financial assistance extended to such agency under section
21 105.

22 (2) The term "relocation payments" means payments
23 by a comprehensive city demonstration agency to a displaced
24 individual, family, business concern, or nonprofit organiza-
25 tion which are made on such terms and conditions and

1 subject to such limitations (to the extent applicable, but not
2 including the date of displacement) as are provided for relo-
3 cation payments, at the time such payments are approved,
4 by sections 114 (b), (c), (d), and (e) of the Housing
5 Act of 1949 with respect to projects assisted under title I
6 thereof.

7 (c) Subsection (b) shall not be applicable with respect
8 to any displacement occurring prior to the date of the
9 enactment of this Act.

10 CONTINUED AVAILABILITY OF FEDERAL GRANT-IN-AID
11 PROGRAM

12 SEC. 108. Notwithstanding any other provision of law,
13 unless hereafter enacted expressly in limitation of the provi-
14 sions of this section, funds appropriated for a Federal grant-
15 in-aid program which are reserved for any projects or
16 activities assisted under such grant-in-aid program under-
17 taken in connection with an approved comprehensive city
18 demonstration program shall remain available until expended
19 when so provided in appropriation Acts.

20 CONSULTATION

21 SEC. 109. In carrying out the provisions of this title,
22 including the issuance of regulations, the Secretary shall
23 consult with other Federal departments and agencies admin-
24 istering Federal grant-in-aid programs. The Secretary shall

1 consult with each Federal department and agency affected
2 by each comprehensive city demonstration program before
3 entering into a commitment to make grants for such pro-
4 gram under section 105.

5 LABOR STANDARDS

6 SEC. 110. (a) All laborers and mechanics employed
7 by contractors or subcontractors on projects assisted directly
8 or indirectly under this title shall be paid wages at rates
9 not less than those prevailing on similar construction in
10 the locality as determined by the Secretary of Labor in
11 accordance with the Davis-Bacon Act, as amended (40
12 U.S.C. 276a—276a-5), *and each such laborer or mechanic*
13 *shall receive compensation at a rate not less than one and one-*
14 *half times his basic rate of pay for all hours worked in any*
15 *workweek in excess of eight hours in any workday or forty*
16 *hours in the workweek, as the case may be.* No assistance
17 provided for under this title shall be approved without first
18 obtaining adequate assurance that these labor standards will
19 be maintained upon the construction work.

20 (b) The Secretary of Labor shall have, with respect to
21 the labor standards specified in subsection (a), the authority
22 and functions set forth in Reorganization Plan Numbered 14
23 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15),
24 and section 2 of the Act of June 13, 1934, as amended
25 (48 Stat. 948; 40 U.S.C. 276c).

APPROPRIATIONS

SEC. 111. (a) There are authorized to be appropriated for the purpose of financial assistance under section 104 the sum of \$12,000,000 for the fiscal year ending June 30, 1967, and such sums as may be necessary for the fiscal year ending June 30, 1968.

(b) There are authorized to be appropriated for the purpose of financial assistance under section 105 such sums as may be necessary for the fiscal year ending June 30, 1968, and succeeding fiscal years. It is the sense of the Congress that appropriations pursuant to this subsection shall be made only on the basis of need demonstrated by plans submitted for comprehensive city demonstration programs, and that any such appropriation shall take into account the budgetary situation existing at the time it is made.

(c) There are authorized to be appropriated for the other purposes of this title such sums as may be necessary.

(d) Appropriations authorized under this section shall remain available until expended when so provided in appropriation Acts.

DEFINITIONS

SEC. 112. As used in this title—

(a) “Federal grant-in-aid program” means a program of Federal financial assistance other than loans and other than the assistance provided by this title.

1 (b) "City demonstration agency" means the city or any
2 local public agency established or designated by the local
3 governing body to administer the comprehensive city demon-
4 stration program.

5 (c) "City" means any municipality (or two or more
6 municipalities acting jointly) or, with respect to urban areas
7 outside of incorporated municipalities, any county or other
8 public body (or two or more acting jointly) having general
9 governmental powers.

10 (d) "Local" agencies include State agencies and instru-
11 mentalities providing services or resources to a city or local-
12 ity, and "local" resources include those provided to a city
13 or locality by a State or its agency or instrumentality.

14 TERMINATION OF AUTHORITY

15 SEC. 113. (a) This title and all authority conferred
16 thereunder shall terminate at the close of June 30, 1971:
17 *Provided*, That the functions, powers, duties, and authorities
18 vested in the Secretary under this title may be retained by
19 the Secretary for the purpose of liquidating the affairs and
20 functions conducted under this title.

21 (b) The termination of this title shall not affect the
22 disbursement of funds under, or the carrying out of, any
23 contract, commitment, or other obligation entered into pur-
24 suant to this title prior to the date of such termination, or
25 the taking of any action necessary to preserve or protect the

1 interests of the United States in any amounts advanced or
2 paid out in carrying on operations under this title.

3 GRANT AUTHORITY FOR URBAN RENEWAL PROJECTS WHICH
4 ARE PART OF APPROVED COMPREHENSIVE CITY DEMON-
5 STRATION PROGRAMS

6 SEC. 114. Section 103 (b) of the Housing Act of 1949
7 is amended by inserting after the first sentence the following
8 new sentence: "In addition to the authority to make grants
9 provided in the first sentence of this subsection, the Sec-
10 retary may contract to make grants under this title, on or
11 after July 1, 1967, in an amount not to exceed \$600,000,-
12 000: *Provided*, That the authority to contract to make
13 grants provided by this sentence shall be exercised only
14 with respect to an urban renewal project which is identified
15 and scheduled to be carried out as one of the projects or
16 activities included within an approved comprehensive city
17 demonstration program assisted under the provisions of sec-
18 tion 105 (c) of the Housing and Urban Development Act
19 of 1966."

20 TITLE II—GRANTS TO ASSIST IN PLANNED
21 METROPOLITAN DEVELOPMENT

22 FINDINGS AND DECLARATION OF PURPOSE

23 SEC. 201. (a) The Congress hereby finds that the wel-
24 fare of the Nation and of its people is directly dependent
25 upon the effective organization and functioning of the metro-

1 politan areas in which two-thirds of its people live and work.

2 It further finds that the continuing rapid growth of these
3 areas makes it essential that they prepare, keep current, and
4 actually carry out comprehensive plans and programs for
5 their orderly physical development with a view to efficiently
6 meeting all their economic and social needs.

7 It further finds that metropolitan areas are especially
8 handicapped in this task by the complexity and scope of
9 governmental services required in such rapidly growing
10 areas, the multiplicity of political jurisdictions and agencies
11 involved, and the inadequacy of the operational and adminis-
12 trative arrangements available for cooperation among them.

13 It further finds that present requirements for areawide
14 planning and programing in connection with various Federal
15 programs have materially assisted in the solution of metro-
16 politan problems, but that additional participation and
17 cooperation are needed from the States and localities in
18 perfecting and carrying out such areawide efforts.

19 (b) It is the purpose of this title to provide additional
20 encouragement and assistance to States and localities,
21 through supplementary grants for certain federally assisted
22 development projects, for making effective comprehensive
23 metropolitan planning and programing.

24 GRANT AUTHORITY

25 SEC. 202. (a) The Secretary is authorized to make

1 supplementary grants to applicant State and local public
2 bodies and agencies carrying out, or assisting in carrying
3 out, development projects meeting the requirements of this
4 title.

5 (b) Grants may be made under this title only for de-
6 velopment projects in metropolitan areas for which it has
7 been demonstrated, to the satisfaction of the Secretary, that—

8 (1) metropolitanwide comprehensive planning and
9 programing provide an adequate basis for evaluating

10 (A) the location, financing, and scheduling of individ-
11 ual public facility projects (including, but not limited
12 to, sewer, water, and sewage treatment facilities; high-
13 way, mass transit, airport, and other transportation
14 facilities; and recreation and other open-space areas)
15 whether or not federally assisted; and (B) other pro-
16 posed land development or uses, which projects or uses,
17 because of their size, density, type, or location, have
18 public metropolitanwide or interjurisdictional signifi-
19 cance;

20 (2) adequate metropolitanwide institutional or
21 other arrangements exist for coordinating, on the basis
22 of such metropolitanwide comprehensive planning and
23 programing, local public policies and activities affecting
24 the development of the area; and

1 (3) public facility projects and other land develop-
2 ment or uses which have a major impact on the develop-
3 ment of the area are, in fact, being carried out in accord
4 with such metropolitanwide comprehensive planning and
5 programing.

6 (c) (1) Where the applicant for a grant under this title
7 is a county, municipality, or other general-purpose unit of
8 local government, it must demonstrate, to the satisfaction of
9 the Secretary, that taking into consideration the scope of its
10 authority and responsibilities it is adequately assuring that
11 public facility projects and other land development or uses
12 of public metropolitanwide or interjurisdictional significance
13 are being, and will be, carried out in accord with metropoli-
14 tan planning and programing meeting the requirements of
15 subsection (b). In making this determination the Secre-
16 tary shall give special consideration to whether the applicant
17 is effectively assisting in, and conforming to, metropolitan
18 planning and programing through (A) the location and
19 scheduling of public facility projects, whether or not federally
20 assisted; and (B) the establishment and consistent adminis-
21 tration of zoning codes, subdivision regulations, and similar
22 land-use and density controls.

23 (2) Where the applicant for a grant under this title is
24 not a general-purpose unit of local government, both it and
25 the general-purpose unit of local government having jurisdic-

1 tion over the location of the project must meet requirements
2 of this subsection.

3 (d) In making the determinations required under this
4 section, the Secretary shall obtain, and give full consideration
5 to, the comments of the body or bodies (State or local) re-
6 sponsible for planning and programing for the metropolitan
7 area.

8 (e) No grant shall be made under this title with respect
9 to a development project for which a Federal grant has been
10 made, or a contract of assistance has been entered into, under
11 the legislation referred to in paragraph (1) of section 205
12 prior to February 21, 1966, or more than one year prior to
13 the date on which the Secretary has made the determinations
14 required under this section with respect to the applicant and
15 to the area in which the project is located: *Provided*, That in
16 the case of a project for which a contract of assistance under
17 the legislation referred to in paragraph (1) of section 205
18 has been entered into after June 30, 1967, no grant shall be
19 made under this title unless an application for such grant
20 has been made on or before the date of such contract.

21 EXTENT OF GRANT

22 SEC. 203. (a) A grant under this title shall not exceed
23 (1) 20 per centum of the cost of the project for which the
24 grant is made; nor (2) the Federal grant made with respect
25 to the project under the legislation referred to in paragraph

1 (1) of section 205. In no case shall the total Federal con-
2 tributions to the cost of such project be more than 80 per
3 centum. Notwithstanding any other provision of law, includ-
4 ing requirements with respect to non-Federal contributions,
5 grants under this title shall be eligible for inclusion (directly
6 or through refunds or credits) as part of the financing for
7 such projects: *Provided*, That projects or activities on the
8 basis of which assistance is provided under section 105 (c) of
9 this Act shall not be eligible for assistance under this title.

10 (b) There are hereby authorized to be appropriated
11 such sums as may be necessary to carry out the provisions of
12 this title. Appropriations authorized under this title shall
13 remain available until expended when so provided in appro-
14 priations Acts.

15 CONSULTATION AND CERTIFICATION

16 SEC. 204. In carrying out the provisions of this title, in-
17 cluding the issuance of regulations, the Secretary shall con-
18 sult with the Department of the Interior; the Department of
19 Commerce; the Department of Health, Education, and Wel-
20 fare; and the Federal Aviation Agency with respect to de-
21 velopment projects assisted by those departments and agen-
22 cies; and he shall, for the purpose of section 203, accept
23 their respective certifications as to the cost of those projects
24 and the amount of the non-Federal contribution paid or to be
25 paid to that cost.

DEFINITIONS

SEC. 205. As used in this title—

(1) “development project” means a project assisted or to be assisted under section 702 of the Housing and Urban Development Act of 1965; section 8 of the Federal Water Pollution Control Act; section 120 (a) of title 23, United States Code; section 9 of the Federal Airport Act; section 3 of the Urban Mass Transportation Act of 1964; title VII of the Housing Act of 1961; section 5 (e) of the Land and Water Conservation Fund Act of 1965; or section 101 (a) (1) of the Public Works and Economic Development Act of 1965 (for a project of a type which the Secretary determines to be eligible for assistance under other of the provisions listed above) ;

(2) “State” means any State of the United States, the Commonwealth of Puerto Rico, the Virgin Islands, or an agency or instrumentality of any of the foregoing;

(3) “metropolitan area” means a standard metropolitan statistical area as established by the Bureau of the Budget, subject however to such modifications and extensions as the Secretary may determine to be appropriate; and

(4) “Secretary” means the Secretary of Housing and Urban Development.

1 TITLE III—COORDINATION OF FEDERAL ACTIV-
2 ITIES IN METROPOLITAN DEVELOPMENT

3 COOPERATION BETWEEN FEDERAL AGENCIES

4 SEC. 301. In order to insure that all Federal programs
5 related to metropolitan development are carried out in a
6 coordinated manner—

7 (1) the Secretary of Housing and Urban Develop-
8 ment is authorized to call upon other Federal agencies
9 to supply such statistical data, program reports, and
10 other materials as he deems necessary to discharge his
11 responsibilities for metropolitan development, and to
12 assist the President in coordinating the metropolitan
13 development efforts of all Federal agencies; and

14 (2) all Federal agencies which are engaged in
15 administering programs related to metropolitan develop-
16 ment, or which otherwise perform functions relating
17 thereto, shall cooperate with the Secretary in carrying
18 out his duties and responsibilities for metropolitan
19 development.

20 METROPOLITAN EXPEDITERS

21 SEC. 302. The Secretary shall appoint a metropolitan
22 expediter for each metropolitan area which he finds needs and
23 desires it. Such appointments shall be made only after con-
24 sultation with local governmental authorities in such metro-
25 politan area. The metropolitan expediter shall provide

1 information, data, and assistance to local authorities and
2 private individuals and entities within the metropolitan area,
3 and to all relevant Federal departments and agencies, with
4 respect to all programs and activities conducted within such
5 metropolitan area by the Department of Housing and Urban
6 Development, and with respect to other public and private
7 activities and needs within such metropolitan area which
8 relate to the programs and activities of the Department.

9 TITLE IV—LAND DEVELOPMENT AND NEW
10 COMMUNITIES

11 MORTGAGE INSURANCE FOR NEW COMMUNITIES

12 SEC. 401. Title X of the National Housing Act is
13 amended by inserting after section 1003 the following new
14 section 1004 and redesignating the remaining sections
15 accordingly:

16 “NEW COMMUNITIES

17 “SEC. 1004. (a) New communities consisting of de-
18 velopments, satisfying all other requirements under this title,
19 may be approved under this section by the Secretary for
20 mortgage insurance if they meet the requirements of sub-
21 section (b) of this section.

22 “(b) A development shall be eligible for approval as
23 a new community if the Secretary determines it will, in
24 view of its size and scope, make a substantial contribution

1 to the sound and economic growth of the area within which
2 it is located in the form of—

3 “ (1) substantial economies, made possible through
4 large-scale development, in the provision of improved
5 residential sites;

6 “ (2) adequate housing to be provided for those
7 who would be employed in the community or the sur-
8 rounding area;

9 “ (3) maximum accessibility from the new residen-
10 tial sites to industrial or other employment centers and
11 commercial, recreational, and cultural facilities in or near
12 the community; and

13 “ (4) maximum accessibility to any major central
14 city in the area”.

15 MORTGAGE AMOUNT AND TERM

16 SEC. 402. (a) Section 1002 (c) of the National Housing
17 Act is amended by striking out “\$10,000,000” and insert-
18 ing in lieu thereof “\$25,000,000”.

19 (b) Section 1002 (d) (1) of such Act is amended to
20 read as follows:

21 “ (1) contain repayment provisions satisfactory to
22 the Secretary and have a maturity not to exceed seven
23 years, or such longer maturity as the Secretary deems
24 reasonable (A) in the case of a privately owned system

1 for water or sewerage, and (B) in the case of a new
2 community approved under section 1004;”.

3 ENCOURAGEMENT OF SMALL BUILDERS

4 SEC. 403. The section of the National Housing Act re-
5 designated as section 1005 by section 401 of this Act is
6 amended by inserting “particularly small builders,” after
7 “broad participation by builders,”.

8 WATER AND SEWERAGE FACILITIES

9 SEC. 404. The section of the National Housing Act
10 redesignated as section 1006 by section 401 of this Act
11 is amended by adding at the end thereof the following new
12 sentence: “In the case of a new community approved by
13 the Secretary pursuant to section 1004, the land shall be
14 served, after its development, by—

15 “(a) public systems for water and sewerage which
16 are consistent with other existing or prospective systems
17 within the area; or

18 “(b) existing privately or cooperatively owned
19 systems (including reasonable extensions thereto) which
20 are approved as adequate by the Secretary and are
21 regulated in a manner acceptable to him; or

22 “(c) if it is necessary to develop a new system
23 and the Secretary determines that public ownership of

1 such a system is not feasible, an adequate privately or
2 cooperatively owned new system (1) which he finds
3 consistent with other existing or prospective systems
4 within the area; (2) which will be regulated, during
5 the period of such ownership, in a manner acceptable to
6 him with respect to user rates and charges, capital struc-
7 ture, methods of operation, and rate of return; and (3)
8 regarding which he receives assurances, satisfactory to
9 him, with respect to eventual public ownership and
10 operation of the system and with respect to the condi-
11 tions and terms of any sale or transfer.”

12 FEDERAL NATIONAL MORTGAGE ASSOCIATION SPECIAL
13 ASSISTANCE FOR NEW COMMUNITIES

14 SEC. 405. Section 302 (b) of the National Housing Act
15 is amended by inserting after “or title VIII,” in the proviso
16 the following: “or under title X with respect to a new com-
17 munity approved under section 1004 thereof,”.

18 URBAN PLANNING GRANTS

19 SEC. 406. Section 701 (a) (4) of the Housing Act of
20 1954 is amended by inserting before the semicolon at the
21 end thereof the following: “, or for areas where rapid urbani-
22 zation is expected to result on land acquired or to be acquired
23 by land development agencies with assistance under section
24 202 (b) (1) of the Housing Amendments of 1955, or on

1 land developed or to be developed as a new community ap-
2 proved under section 1004 of the National Housing Act”.

3 PUBLIC FACILITY LOANS

4 SEC. 407. Paragraph (4) of the subsection of section
5 202 of the Housing Amendments of 1955 redesignated as
6 subsection (c) by section 408 of this Act is amended by add-
7 ing before the period at the end of the second sentence the
8 following: “, or (iii) to be provided in connection with the
9 establishment of a new community approved under section
10 1004 of the National Housing Act”.

11 LOANS TO LAND DEVELOPMENT AGENCIES

12 SEC. 408. (a) Section 202 of the Housing Amendments
13 of 1955 is amended by inserting after subsection (a) the
14 following new subsection (b) and redesignating the remain-
15 ing subsections accordingly:

16 “(b) (1) In order to encourage and assist in the timely
17 acquisition of open or predominantly undeveloped land to be
18 utilized in connection with the development of well-planned
19 residential neighborhoods, subdivisions, and communities, the
20 Secretary is authorized to purchase the securities and obliga-
21 tions of, or make loans to, land development agencies to
22 finance the acquisition of a fee simple or other interest in such
23 land for subsequent sale in accordance with this subsection.
24 A loan under this subsection may be in an amount which

1 shall not exceed the total cost, as approved by the Secretary,
2 of acquiring such interest; shall be reasonably secured; shall
3 be repaid in such manner and within such period, not exceed-
4 ing fifteen years, as may be determined by the Secretary;
5 and shall bear interest at the rate prescribed for financial
6 assistance extended under subsection (a) of this section. As
7 used in this subsection, 'land development agencies' means
8 public corporations, including municipalities, authorized to
9 carry out, and created or designated by or pursuant to State
10 law for the purpose of carrying out, the functions for which
11 financial assistance is available under this subsection.

12 “(2) The Secretary shall not extend any financial as-
13 sistance for the acquisition of land under this subsection
14 unless he determines that (A) the financial assistance ap-
15 plied for is not otherwise available on reasonable terms, (B)
16 the development of a well-planned residential neighborhood,
17 subdivision, or community on such land would be consistent
18 with a comprehensive plan or comprehensive planning, meet-
19 ing criteria established by the Secretary, for the area in
20 which the land is located, and (C) a preliminary develop-
21 ment plan for the use of the land meets criteria established
22 by the Secretary for such preliminary plans.

23 “(3) Land acquired with financial assistance under this
24 subsection shall be disposed of for development in accordance
25 with a current development plan for the land which has been

1 approved by the Secretary as consistent with provisions of
2 the loan agreement, and shall not be sold or otherwise dis-
3 posed of for less than its fair value for uses in accord with
4 such development plan. Such plan shall, wherever feasible
5 in the light of current conditions, encourage the provision of
6 sites providing a proper balance of types of housing to serve
7 families having a broad range of incomes. The Secretary
8 shall adopt such requirements as he deems necessary to en-
9 courage the maintenance of a diversified local homebuilding
10 industry and broad participation by builders, particularly
11 small builders.”

12 (b) The proviso in section 203 (a) of the Housing
13 Amendments of 1955 is amended—

14 (1) by striking out “section 202 (a)” and inserting
15 in lieu thereof “section 202 (a) and pursuant to section
16 202 (b)”; and

17 (2) by striking out “of such section” and inserting
18 in lieu thereof “of section 202 (a)”.

19 Housing and Urban Development.

20 TITLE V—FHA INSURANCE OPERATIONS

21 FHA MORTGAGE FINANCING FOR VETERANS

22 SEC. 501. The next to last sentence of section 203 (b)
23 (2) of the National Housing Act is amended by striking
24 out “If the mortgagor is a veteran who has not received any
25 direct, guaranteed, or insured loan under laws administered

1 by the Veterans' Administration for the purchase, construc-
 2 tion, or repair of a dwelling (including a farm dwelling)
 3 which was to be owned and occupied by him as his home,"
 4 and inserting in lieu thereof the following: "If the mortgagor
 5 is a veteran,".

6 COOPERATIVE HOUSING INSURANCE FUND

7 SEC. 502. (a) Section 213 (m) of the National Hous-
 8 ing Act is amended by striking out " , but only in cases where
 9 the consent of the mortgagee or lender to the transfer is ob-
 10 tained or a request by the mortgagee or lender for the transfer
 11 is received by the ~~Secretary~~ *Commissioner* within such period
 12 of time after the date of the enactment of this subsection as
 13 the ~~Secretary~~ *Commissioner* shall prescribe".

14 (b) Section 213 (n) of such Act is amended—

15 (1) by striking out "insured under this section and
 16 sections 207, 231, and 232" and inserting in lieu thereof
 17 "the insurance of which is the obligation of either the
 18 Management Fund or the General Insurance Fund";
 19 and

20 (2) by adding at the end thereof the following new
 21 sentence: "Premium charges on the insurance of mort-
 22 gages or loans transferred to the Management Fund or
 23 insured pursuant to commitments transferred to the Man-
 24 agement Fund may be payable in debentures which are

the obligation of either the Management Fund or of the General Insurance Fund.”

(c) (1) The fourth sentence of section 213 (k) of such Act is amended to read as follows: “The Secretary is directed to transfer to the Management Fund from the General Insurance Fund an amount equal to the total of the premium payments theretofore made with respect to the insurance of mortgages and loans transferred to the Management Fund pursuant to subsection (m) minus the total of any administrative expenses theretofore incurred in connection with such mortgages and loans, plus such other amounts as the Secretary determines to be necessary and appropriate.”

(2) The second proviso in section 213 (l) of such Act is amended by striking out “pursuant to subsection (k) or (o)” and inserting in lieu thereof “pursuant to subsection (o)”.

MORTGAGE LIMITS FOR COOPERATIVE HOUSING

SEC. 503. Section 213 (b) (2) of the National Housing Act is amended—

(1) by striking out “\$9,000”, “\$12,500”, “\$15,000”, “\$18,500”, and “\$21,000” in the matter preceding the first proviso and inserting in lieu thereof “\$11,500”, “\$15,000”, “\$17,500”, “\$21,000”, and “\$23,500”, respectively; and

1 (2) by striking out “\$10,500”, “\$15,000”, “\$18,-
2 000”, “\$22,500”, and “\$25,500” in the first proviso
3 and inserting in lieu thereof “\$13,000”, “\$17,500”,
4 “\$20,500”, “\$25,000”, and “\$28,000”, respectively.

5 SUPPLEMENTARY FINANCING FOR COOPERATIVE HOUSING

6 SEC. 504. Section 213 (j) (2) (A) of the National
7 Housing Act is amended by adding at the end thereof the
8 following: “except that, in the case of improvements or
9 additional community facilities, the outstanding indebted-
10 ness may be increased by an amount equal to 97 per centum
11 of the amount which the Secretary estimates will be the
12 value of such improvements or facilities, and the new out-
13 standing indebtedness may exceed the original principal
14 obligation of the mortgage if such new outstanding indebt-
15 edness does not exceed the limitations imposed by subsec-
16 tion (b) ;”.

17 MORTGAGE LIMITS FOR HOMES UNDER SECTION 221(d)(2)

18 SEC. 505. Section 221 (d) (2) (A) of the National
19 Housing Act is amended by striking out “\$11,000” and
20 “\$18,000” and inserting in lieu thereof “\$12,500” and
21 “\$20,000”, respectively.

1 INSURANCE OF MORTGAGES UNDER SECTION 221 TO
2 FINANCE PURCHASE AND REHABILITATION BY NON-
3 PROFIT ORGANIZATIONS OF HOUSING FOR RESALE TO
4 LOW-INCOME PURCHASERS

5 SEC. 506. (a) Section 221 of the National Housing
6 Act is amended by adding at the end thereof the following
7 new subsection:

8 “~~(i)~~ (h) (1) In addition to mortgages insured under the
9 other provisions of this section, the Secretary is authorized,
10 upon application by the mortgagee, to insure under this sub-
11 section as hereinafter provided any mortgage (including
12 advances under such mortgage during rehabilitation) which
13 is executed by a nonprofit organization to finance the pur-
14 chase and rehabilitation of deteriorating or substandard
15 housing for subsequent resale to low-income home purchasers
16 and, upon such terms and conditions as the Secretary may
17 prescribe, to make commitments for the insurance of such
18 mortgages prior to the date of their execution or disburse-
19 ment thereon.

20 “(2) To be eligible for insurance under paragraph (1)
21 of this subsection, a mortgage shall—

1 “(A) be executed by a private nonprofit corpora-
2 tion or association approved for purposes of this subsec-
3 tion by the Secretary, for the purpose of financing the
4 purchase of property (comprising one or more tracts or
5 parcels, whether or not contiguous) upon which there
6 is located deteriorating or substandard housing consisting
7 of five or more single-family dwellings of detached, semi-
8 detached, or row construction and of rehabilitating such
9 dwellings with a view to subsequent resale as hereinafter
10 provided;

11 “(B) be secured by the property which is to be
12 purchased and rehabilitated with the proceeds thereof;

13 “(C) be in a principal amount not exceeding the
14 appraised value of the property at the time of its pur-
15 chase under the mortgage plus the estimated cost of the
16 rehabilitation;

17 “(D) bear interest (exclusive of premium charges
18 for insurance and service charge, if any) at the rate in
19 effect under the proviso in subsection (d) (5) at the
20 time of execution;

21 “(E) provide for complete amortization (subject
22 to paragraph (5) (E)) by periodic payments within
23 such term as the Secretary may prescribe; and

24 “(F) provide for the release of individual single-
25 family dwellings from the lien of the mortgage upon

1 the sale of the rehabilitated dwellings in accordance
2 with paragraph (5).

3 “(3) No mortgage shall be insured under paragraph
4 (1) unless the mortgagor shall have demonstrated to the
5 satisfaction of the Secretary that (A) the property to be
6 rehabilitated is located in a neighborhood which is suf-
7 ficiently stable and contains sufficient public facilities and
8 amenities to support long-term values, or (B) the rehabili-
9 tation to be carried out by the mortgagor plus its related
10 activities and the activities of other owners of housing in
11 the neighborhood, together with actions to be taken by
12 public authorities, will be of such scope and quality as to
13 give reasonable promise that a stable environment will be
14 created in the neighborhood.

15 “(4) The aggregate principal balance of all mortgages
16 insured under paragraph (1) and outstanding at any one
17 time shall not exceed \$20,000,000.

18 “(5) (A) No mortgage shall be insured under para-
19 graph (1) unless the mortgagor enters into an agreement
20 (in form and substance satisfactory to the Secretary) that
21 it will offer to sell the dwellings involved, upon com-
22 pletion of their rehabilitation, to individuals or families
23 (hereinafter referred to as ‘low-income purchasers’) deter-
24 mined by the Secretary to have incomes below the maximum
25 amount specified (with respect to the area involved) in sec-

tion 101(c)(1) of the Housing and Urban Development Act of 1965.

“(B) The Secretary is authorized to insure under this paragraph mortgages executed to finance the sale of individual dwellings to low-income purchasers as provided in subparagraph (A). Any such mortgage shall—

“(i) be in a principal amount equal to that portion of the unpaid balance of the principal mortgage covering the property (insured under paragraph (1)) which is allocable to the individual dwelling involved; and

“(ii) bear interest at the same rate as the principal mortgage, and provide for complete amortization by periodic payments within a term equal to the remaining term (determined without regard to subparagraph (E)) of such principal mortgage.

“(C) The price for which any individual dwelling is sold to a low-income purchaser under this paragraph shall be the amount of the mortgage covering the sale as determined under subparagraph (B), except that the purchaser shall in addition thereto be required to pay on account of the property at the time of purchase such amount (which shall not be less than \$200, but which may be applied in whole or in part toward closing costs) as the Secretary may determine to be reasonable and appropriate in the circumstances.

1 “(D) Upon the sale under this paragraph of any indi-
2 vidual dwelling, such dwelling shall be released from the lien
3 of the principal mortgage, and such mortgage shall there-
4 upon be replaced by an individual mortgage insured under
5 this paragraph to the extent of the portion of its unpaid
6 balance which is allocable to the dwelling covered by such
7 individual mortgage. Until all of the individual dwellings in
8 the property covered by the principal mortgage have been
9 sold, the mortgagor shall hold and operate the dwellings re-
10 maining unsold at any given time as though they constituted
11 rental units in a project covered by a mortgage which is
12 insured under subsection (d) (3) (and which receives the
13 benefits of the interest rate provided for in the proviso in
14 subsection (d) (5)).

15 “(E) Upon the sale under this paragraph of all of the
16 individual dwellings in the property covered by the prin-
17 cipal mortgage, and the release of all individual dwellings
18 from the lien of the principal mortgage, the insurance of
19 the principal mortgage shall be terminated and no adjusted
20 premium charge shall be charged by the Secretary upon
21 such termination.

22 “(F) Any mortgage insured under this paragraph shall
23 contain a provision that if the low-income mortgagor does
24 not continue to occupy the property, the interest rate shall
25 increase to the highest rate permissible under this section

1 and the regulations of the Secretary effective at the time of
2 commitment for insurance of the principal mortgage; except
3 that the increase in interest rate shall not be applicable if
4 the property is sold and the purchaser is (i) the nonprofit
5 organization which executed the principal mortgage, (ii) a
6 public housing agency having jurisdiction under the United
7 States Housing Act of 1937 over the area where the dwelling
8 is located, or (iii) a low-income purchaser approved for the
9 purposes of this paragraph by the Secretary.”

10 (b) (1) Section 221 (g) (1) of such Act is amended
11 by inserting after “paragraph (2) of subsection (d) of this
12 section” the following: “or paragraph (5) of subsection ~~(i)~~
13 *(h)* of this section”.

14 (2) Section 221 (g) (2) of such Act is amended by in-
15 serting after “paragraph (3) or (4) of subsection (d) of
16 this section” the following: “or paragraph (1) of subsection
17 ~~(i)~~ *(h)* of this section”.

18 (c) Section 221 (f) of such Act is amended by inserting
19 after “Housing Act of 1961,” in the fourth sentence “or
20 which meet the requirements of subsection ~~(i)~~ *(h)*,”.

21 (d) Section 305 (h) of such Act is amended by striking
22 out “section 221 (d) (3)” and inserting in lieu thereof “sec-
23 tions 221 (d) (3) and 221~~(i)~~ *(h)*”.

1 APPLICATION OF DAVIS-BACON ACT TO COOPERATIVE HOUS-
 2 ING PROJECTS INSURED UNDER SECTION 221 (d)(3) AND
 3 (d)(4)

4 SEC. 507. The third sentence of section 212 (a) of the
 5 National Housing Act is amended by inserting before the
 6 period at the end thereof the following: “, except that com-
 7 pliance with such provisions may be waived by the Secretary
 8 in cases or classes of cases where laborers or mechanics (not
 9 otherwise employed at any time in the construction of the
 10 project) voluntarily donate their services without compensa-
 11 tion for the purpose of lowering their housing costs in a
 12 cooperative housing project and the Secretary determines
 13 that any amounts saved thereby are fully credited to the
 14 cooperative undertaking the construction”.

15 WAIVER OF DEDUCTION ON ASSIGNMENT OF PROPERTY TO
 16 SECRETARY IN LIEU OF FORECLOSURE

17 SEC. 508. Title V of the National Housing Act is
 18 amended by adding at the end thereof the following new
 19 section:

20 “WAIVER OF DEDUCTION ON ASSIGNMENT OF PROPERTY TO
 21 SECRETARY IN LIEU OF FORECLOSURE

22 “SEC. 523. Notwithstanding any other provision of this
 23 Act, from and after the date of the enactment of the Housing

1 and Urban Development Act of 1966, the Secretary, under
 2 such terms and conditions as he may approve, may waive
 3 all or a part of the 1 per centum deduction otherwise made
 4 from insurance benefits with respect to multifamily housing
 5 or land development mortgages assigned to him, where the
 6 assignment is made at his request in lieu of foreclosure of
 7 the mortgage.”

8 ARMED SERVICES HOUSING MORTGAGE INSURANCE

9 PROGRAM

10 SEC. 509. (a) Section 803 (a) of the National Housing
 11 Act is amended—

12 (1) by striking out “\$2,300,000,000” and inserting
 13 in lieu thereof “\$3,350,000,000”;

14 (2) by striking out “October 1, 1962” and inserting
 15 in lieu thereof “October 1, 1969”; and

16 (3) by striking out “twenty-eight thousand” and
 17 inserting in lieu thereof “eighty-eight thousand”.

18 (b) Section 803 (b) of such Act is amended—

19 (1) by striking out “\$16,500” each place it ap-
 20 pears in paragraph (3) (B) and inserting in lieu thereof
 21 “\$17,500”; and

22 (2) by striking out “4½ per centum” in the sen-
 23 tence following paragraph (3) (C) and inserting in lieu
 24 thereof “5½ per centum”.

1 TITLE VI—MORTGAGE INSURANCE FOR GROUP
2 PRACTICE FACILITIES

3 PURPOSE

4 SEC. 601. It is the purpose of this title to assure the
5 availability of credit on reasonable terms to units or orga-
6 nizations engaged in the group practice of medicine, optom-
7 etry, or dentistry, particularly those in smaller communities
8 and those sponsored by cooperative or other nonprofit
9 organizations, to assist in financing the construction and
10 equipment of group practice facilities.

11 ESTABLISHMENT OF PROGRAM

12 SEC. 602. (a) The National Housing Act is amended
13 by adding at the end thereof the following new title:

14 “TITLE XI—MORTGAGE INSURANCE FOR GROUP
15 PRACTICE FACILITIES

16 “INSURANCE OF MORTGAGES

17 “SEC. 1101. (a) The Secretary is authorized (1) to
18 insure mortgages (including advances on such mortgages
19 during construction), upon such terms and conditions as
20 he may prescribe, in accordance with the provisions of this
21 title, and (2) to make commitments for the insuring of such
22 mortgages prior to the date of their execution or disburse-
23 ment thereon. No mortgage shall be insured under this

1 title after October 1, 1969, except pursuant to a commit-
2 ment to insure issued before that date.

3 “(b) To be eligible for insurance under this title, the
4 mortgage shall (1) be executed by a mortgagor that is
5 a group practice unit or organization, approved by the Sec-
6 retary, (2) be made to and held by a mortgagee ap-
7 proved by the Secretary as responsible and able to service
8 the mortgage properly, and (3) cover a property or project
9 which is approved for mortgage insurance prior to the be-
10 ginning of construction or rehabilitation and is designed for
11 use as a group practice facility which the Secretary finds
12 will be constructed in an economical manner, will not be of
13 elaborate or extravagant design or materials, and will be
14 adequate and suitable for carrying out the purposes of this
15 title. No mortgage shall be insured under this title unless
16 it is shown to the satisfaction of the Secretary that the
17 applicant would be unable to obtain the mortgage loan
18 without such insurance on terms comparable to those speci-
19 fied in subsection (c).

20 “(c) The mortgage shall—

21 “(1) not exceed \$5,000,000;

22 “(2) not exceed 90 per centum of the amount
23 which the Secretary estimates will be the value of the
24 property or project when construction or rehabilitation
25 is completed. The value of the property may include

1 the land and the proposed physical improvements, equip-
2 ment, utilities within the boundaries of the property,
3 architects' fees, taxes, and interest accruing during con-
4 struction or rehabilitation, and other miscellaneous
5 charges incident to construction or rehabilitation and
6 approved by the Secretary;

7 “(3) have a maturity satisfactory to the Secretary
8 but not to exceed twenty-five years, and provide for
9 complete amortization of the principal obligation by
10 periodic payments within such term as the Secretary
11 shall prescribe; and

12 “(4) bear interest (exclusive of premium charges
13 for insurance, and service charges if any) at a rate of
14 not to exceed 5 per centum per annum of the amount of
15 the principal obligation outstanding at any time, or not
16 to exceed such rate (not in excess of 6 per centum per
17 annum) as the Secretary finds necessary to meet the
18 mortgage market.

19 “(d) Any contract of insurance executed by the Secre-
20 tary under this title shall be conclusive evidence of the
21 eligibility of the mortgage for insurance, and the validity of
22 any contract for insurance so executed shall be incontestable
23 in the hands of an approved mortgagee from the date of the
24 execution of such contract, except for fraud or misrepresenta-
25 tion on the part of such approved mortgagee.

1 “(e) Each mortgage insured under this title shall con-
2 tain an undertaking (in accordance with regulations pre-
3 scribed under this title and in force at the time the mortgage
4 is approved for insurance) to the effect that, except as
5 authorized by the Secretary and the mortgagee, the prop-
6 erty will be used as a group practice facility until the
7 mortgage has been paid in full or the contract of insurance
8 otherwise terminated.

9 “(f) No mortgage shall be insured under this title
10 unless the mortgagor and the mortgagee certify (1) that
11 they will keep such records relating to the mortgage trans-
12 action and indebtedness, to the construction of the facility
13 covered by the mortgage, and to the use of such facility as
14 a group practice facility as are prescribed by the Secretary
15 at the time of such certification, (2) that they will make
16 such reports as may from time to time be required by the
17 Secretary pertaining to such matters, and (3) that the
18 Secretary shall have access to and the right to examine and
19 audit such records.

20 “PREMIUMS

21 “SEC. 1102. The Secretary shall fix premium charges
22 for the insurance of mortgages under this title, but such
23 charges shall not be more than 1 per centum per annum
24 of the amount of the principal obligation of the mortgage

1 outstanding at any time, without taking into account delin-
2 quent payments or prepayments. In addition to the pre-
3 mium charge, the Secretary is authorized to charge and col-
4 lect such amounts as he may deem reasonable for the analysis
5 of a proposed project and the appraisal and inspection of
6 the property and improvements. Where the principal obli-
7 gation of any mortgage accepted for insurance under this
8 title is paid in full prior to the maturity date, the Secretary
9 is authorized to require the payment by the mortgagee of
10 an adjusted premium charge. This charge shall be in such
11 amount as the Secretary determines to be equitable, but not
12 in excess of the aggregate amount of the premium charges
13 that the mortgagee would otherwise have been required to
14 pay if the mortgage had continued to be insured until the
15 maturity date. Where such prepayment occurs, the Secre-
16 tary is authorized to refund to the mortgagee for the account
17 of the mortgagor all, or such portion as he shall determine
18 to be equitable, of the current unearned premium charges
19 theretofore paid. Premium charges fixed under this section
20 shall be payable by the mortgagee either in cash, or in
21 debentures which are the obligation of the General Insurance
22 Fund at par plus accrued interest, at such times and in such
23 manner as may be prescribed by the Secretary.

1 “PAYMENT OF INSURANCE BENEFITS

2 “SEC. 1103. The mortgagee shall be entitled to receive
3 the benefits of the insurance under this title in the manner
4 provided in subsection (g) of section 207 with respect to
5 mortgages insured under that section. For such purpose the
6 provisions of subsections (g), (h), (i), (j), (k), (l), and
7 (n) of section 207 shall apply to mortgages insured under
8 this title and all references in such subsections to section
9 207 shall be deemed to refer to this title.

10 “REGULATIONS

11 “SEC. 1104. The Secretary shall prescribe such regu-
12 lations as may be necessary to carry out this title, after con-
13 sulting with the Surgeon General of the Public Health
14 Service with respect to any health or medical aspects of
15 the program under this title which may be involved in
16 such regulations.

17 “ADMINISTRATION

18 “SEC. 1105. (a) At the request of individuals or orga-
19 nizations operating or contemplating the operation of group
20 practice facilities (as defined in section 1106 (1)), the Sec-
21 retary may provide or obtain technical assistance in the
22 planning for and construction of such facilities.

23 “(b) With a view to avoiding unnecessary duplication
24 of existing staffs and facilities of the Federal Government,
25 the Secretary is authorized to utilize available services and

1 facilities of any agency of the Federal Government in carry-
2 ing out the provisions of this title, and to pay for such serv-
3 ices and facilities, either in advance or by way of reimburse-
4 ment, in accordance with an agreement between the Secre-
5 tary and the head of such agency.

6 "DEFINITIONS

7 "SEC. 1106. For the purposes of this title—

8 "(1) The term 'group practice facility' means a facility
9 in a State for the provision of preventive, diagnostic, and
10 treatment services to ambulatory patients (in which patient
11 care is under the professional supervision of persons licensed
12 to practice medicine in the State or, in the case of optometric
13 care or treatment, is under the professional supervision of
14 persons licensed to practice optometry in the State, or, in
15 the case of dental diagnosis or treatment, is under the pro-
16 fessional supervision of persons licensed to practice dentistry
17 in the State) and which is primarily for the provision of such
18 health services by a medical or dental group.

19 "(2) The term 'medical or dental group' means a
20 partnership or other association or group of persons licensed
21 to practice medicine or surgery in the State, or of persons
22 licensed to practice optometry in the State, or of persons
23 licensed to practice dentistry in the State, or of any combi-
24 nation of such persons, who, as their principal professional
25 activity and as a group responsibility, engage or undertake

1 to engage in the coordinated practice of their profession pri-
2 marily in one or more group practice facilities, and who (in
3 this connection) share common overhead expenses (if and to
4 the extent such expenses are paid by members of the group),
5 medical and other records, and substantial portions of the
6 equipment and the professional, technical, and administra-
7 tive staffs, and which partnership or association or group is
8 composed of at least such professional personnel and make
9 available at least such health services as may be provided
10 in regulations prescribed under this title.

11 “(3) The term ‘group practice unit or organization’
12 means—

13 “(A) a private nonprofit agency or organization
14 undertaking to provide, directly or through arrange-
15 ments with a medical or dental group, comprehensive
16 medical care, optometric care, or dental care, or any
17 combination thereof, which may include hospitalization.
18 to members or subscribers primarily on a group practice
19 prepayments basis; or

20 “(B) a private nonprofit agency or organization
21 established for the purpose of improving the availability
22 of medical, optometric, or dental care in the community
23 or having some function or functions related to the
24 provision of such care, which will, through lease or
25 other arrangement, make the group practice facility

1 with respect to which assistance has been requested
2 under this title available to a medical or dental group
3 for use by it.

4 “(4) The term ‘nonprofit organization’ means a corpo-
5 ration, association, foundation, trust, or other organization
6 no part of the net earnings of which inures, or may lawfully
7 inure, to the benefit of any private shareholder or individual
8 except, in the case of an organization the purposes of which
9 include the provision of personal health services to its mem-
10 bers or subscribers or their dependents under a plan of such
11 organization for the provision of such services to them
12 (which plan may include the provision of other services
13 or insurance benefits to them), through the provision of
14 such health services (or such other services or insurance
15 benefits) to such members or subscribers or dependents
16 under such plan.

17 “(5) The term ‘State’ includes the Commonwealth of
18 Puerto Rico, Guam, the Virgin Islands, American Samoa,
19 and the District of Columbia.

20 “(6) The term ‘mortgage’ means a first mortgage on
21 real estate in fee simple, or on the interest of either the
22 lessor or lessee thereof (A) under a lease for not less than
23 ninety-nine years which is renewable, or (B) under a lease
24 having a period of not less than fifty years to run from the

1 date the mortgage was executed. The term ‘first mortgage’
2 means such classes of first liens as are commonly given to
3 secure advances (including but not limited to advances dur-
4 ing construction) on, or the unpaid purchase price of, real
5 estate under the laws of the State in which the real estate is
6 located, together with the credit instrument or instruments,
7 if any, secured thereby, and any mortgage may be in the
8 form of one or more trust mortgages or mortgage indentures
9 or deeds of trust, securing notes, bonds, or other credit in-
10 struments, and, by the same instrument or by a separate in-
11 strument, may create a security interest in initial equipment,
12 whether or not attached to the realty.

13 “(7) The term ‘mortgagee’ means the original lender
14 under a mortgage, and his or its successors and assigns, and
15 includes the holders of credit instruments issued under a
16 trust mortgage or deed of trust pursuant to which such
17 holders act by and through a trustee named therein.

18 “(8) The term ‘mortgagor’ means the original bor-
19 rower under a mortgage and his or its successors and
20 assigns.”

21 (b) The first sentence of section 227 of such Act is
22 amended by inserting after “new or rehabilitated multifamily
23 housing” the following: “or a property or project described
24 in title XI”.

LABOR STANDARDS

SEC. 603. Section 212(a) of the National Housing Act is amended by adding at the end thereof the following new sentence: “The provisions of this section shall also apply to the insurance of any mortgage under title ~~XI~~ XI; and each laborer or mechanic employed on any facility covered by a mortgage insured under such title shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be.”.

AMENDMENTS TO OTHER FEDERAL LAWS

SEC. 604. (a) (1) The sixth sentence of paragraph “Seventh” of section 5136 of the Revised Statutes, as amended (12 U.S.C. 24), is amended by inserting after “Federal Home Loan Banks,” the following: “or obligations which are insured by the Secretary of Housing and Urban Development under title XI of the National Housing Act”.

(2) The third sentence of the first paragraph of section 24 of the Federal Reserve Act, as amended (12 U.S.C. 371), is amended by inserting after “or sections 1471–1484 of title 42,” the following: “or which are insured by the Secretary of Housing and Urban Development pursuant to title XI of the National Housing Act,”.

1 (b) Subsection (a) of section 304 of the Trust Inden-
2 ture Act of 1939 (15 U.S.C. 77ddd) is amended by striking
3 out the word “or” at the end of paragraph (8) ; by striking
4 out the period at the end of paragraph (9) and inserting in
5 lieu thereof a semicolon and the word “or”; and by adding
6 after paragraph (9) a new paragraph as follows:

7 “(10) any security issued under a mortgage or
8 trust deed indenture as to which a contract of insurance
9 under title XI of the National Housing Act is in effect;
10 and any such security shall be deemed to be exempt from
11 the provisions of the Securities Act of 1933 to the same
12 extent as though such security were specifically enumer-
13 ated in section 3 (a) (2) , as amended, of the Securities
14 Act of 1933 (15 U.S.C. 77c (a) (2)).”

15 (c) Section 263 of chapter X of the Bankruptcy Act
16 (11 U.S.C. 663) is amended by adding at the end thereof
17 the following: “Nothing contained in this chapter shall be
18 deemed to affect or apply to the creditors of any corporation
19 under a mortgage insured pursuant to title XI of the National
20 Housing Act.”

21 TITLE VII—RURAL HOUSING

22 SEC. 701. Section 501 (a) of the Housing Act of 1949
23 is amended by striking out “previously occupied” wherever
24 it appears.

1 SEC. 702. Section 502 (a) of the Housing Act of 1949
 2 is amended by striking out “In cases of applicants who are
 3 elderly persons, the” and inserting in lieu thereof “The”.

4 SEC. 703. Section 504 of the Housing Act of 1949 is
 5 amended by striking out “\$1,000” and inserting in lieu
 6 thereof “\$1,500”.

7 SEC. 704. (a) Section 515 (a) of the Housing Act of
 8 1949 is amended by inserting after “income” the following:
 9 “or other persons and families of low income”.

10 (b) Section 515 (d) (1) of such Act is amended by
 11 striking out “elderly persons or elderly families” and insert-
 12 ing in lieu thereof “occupants eligible under this section”.

13 TITLE VIII—MISCELLANEOUS

14 HOUSING FOR THE ELDERLY OR HANDICAPPED

15 SEC. 801. Section 105 (b) of the Housing and Urban
 16 Development Act of 1965 is amended—

17 (1) by inserting “(1)” after “(b)”;

18 (2) by striking out “Effective with respect to loans
 19 made on or after the date of the enactment of this Act,
 20 section” and inserting in lieu thereof “Section”; and

21 (3) by adding at the end thereof a new paragraph
 22 as follows:

23 “(2) The interest rate provided by the amendment
 24 made in paragraph (1) shall be applicable (A) with respect

1 to any loan made on or after August 10, 1965, and (B) with
 2 respect to any loan made prior to such date if construction of
 3 the housing or related facilities to be assisted by such loan
 4 was not commenced prior to such date, and not completed
 5 prior to the filing of an application for the benefits of such
 6 interest rate.”

7 LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS FOR
 8 DISPLACED FAMILIES—TERM OF LEASE

9 SEC. 802. Section 23 (d) of the United States Housing
 10 Act of 1937 is amended by inserting after “thirty-six
 11 months” the following: “(except that it may be for a term of
 12 up to sixty months in any case in which the public housing
 13 agency determines that the housing to be leased thereunder
 14 is needed for displaced families)”.

15 APPLICATION OF DAVIS-BACON ACT TO LOW-RENT HOUS-
 16 ING PROJECTS CONSISTING OF PRIVATELY BUILT HOUS-
 17 ING

18 SEC. 803. Section 16 (2) of the United States Housing
 19 Act of 1937 is amended by inserting after “the development
 20 of the project involved” the following: “(including a project
 21 for the use of privately built housing in any case where the
 22 public housing agency and the builder or sponsor enter into an
 23 agreement for such use before construction is commenced),
 24 *and that each such laborer or mechanic shall receive com-*
 25 *ensation at a rate not less than one and one-half times his*

1 *basic rate of pay for all hours worked in any workweek in*
2 *excess of eight hours in any workday or forty hours in the*
3 *workweek, as the case may be”.*

4 APPLICATION OF DAVIS-BACON ACT TO MULTIFAMILY
5 HOUSING CONSTRUCTION IN URBAN RENEWAL AREAS

6 SEC. 804. Section 105 of the Housing Act of 1949 is
7 amended by adding at the end thereof the following new
8 subsection:

9 “(f) All laborers and mechanics employed by contrac-
10 tors or subcontractors in the construction of any multifamily
11 housing (as defined for purposes of this subsection by the
12 Secretary of Housing and Urban Development or his
13 designee) which may be involved in the redevelopment of the
14 urban renewal area, and which is not subject to the provisions
15 of section 212 of the National Housing Act or to other pro-
16 visions of Federal law imposing similar standards, will be
17 paid wages at rates not less than those prevailing on similar
18 construction in the locality as determined by the Secretary
19 of Labor in accordance with the Davis-Bacon Act, as
20 amended (40 U.S.C. 276a—276a-5). No contract for loan
21 or capital grant shall be entered into under this title with
22 respect to an urban renewal area whose redevelopment will
23 involve the construction of such housing without first obtain-
24 ing adequate assurance that the labor standards imposed by
25 the preceding sentence (or, in the case of housing which is

1 subject to the provisions of section 212 of the National Hous-
2 ing Act or to other provisions of Federal law imposing
3 similar standards, the labor standards imposed by such pro-
4 visions) will be maintained upon the construction work.
5 The Secretary of Labor shall have, with respect to the labor
6 standards specified in this subsection, the authority and func-
7 tions set forth in Reorganization Plan Numbered 14 of 1950
8 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and sec-
9 tion 2 of the Act of June 13, 1934, as amended (48 Stat.
10 948; 40 U.S.C. 276c).”

11 FEDERAL NATIONAL MORTGAGE ASSOCIATION PARTICIPA-
12 TION IN FEDERAL HOUSING ADMINISTRATION-INSURED
13 CONSTRUCTION FINANCING

14 SEC. 805. Section 305 of the National Housing Act
15 is amended by adding at the end thereof the following
16 new subsection:

17 “(i) In any case where the Association makes a com-
18 mitment to purchase under this section a mortgage insured
19 under section 213, or a mortgage executed by a cooperative
20 or a private nonprofit corporation or association and insured
21 under section 221 (d) (3), such commitment may provide
22 for participation by the Association in the making of insured
23 advances on the mortgage during construction. Such par-
24 ticipation shall be limited to 95 per centum of the amount
25 of each of the advances involved, and the mortgagee pro-

1 viding the balance of such amount shall perform all neces-
2 sary servicing and processing of such advances until the
3 final insurance endorsement of the mortgage.”

4 PLANNING GRANTS FOR RESEARCH ON STATE STATUTES
5 AFFECTING LOCAL GOVERNMENTS

6 SEC. 806. Section 701 (b) of the Housing Act of 1954
7 is amended by inserting before the period at the end thereof
8 the following: “, and for grants to assist in the conduct of
9 studies and research relating to needed revisions in State
10 statutes which create, govern, or control local governments
11 and local governmental operations”.

12 USE OF OPEN-SPACE GRANTS FOR DEVELOPMENT OF EXIST-
13 ING OPEN-SPACE LAND

14 SEC. 807. (a) Section 701 (b) of the Housing Act of
15 1961 is amended by inserting “, for the development and re-
16 development of existing parks and other open space,” after
17 “the Nation’s urban areas”.

18 (b) (1) The first sentence of section 702 (a) of such
19 Act is amended by inserting before the period at the end
20 thereof the following: “, or the development or redevelop-
21 ment, for open-space uses, of existing open-space land”.

22 (2) The second sentence of section 702 (a) of such Act
23 is amended by inserting before the period at the end thereof
24 the following: “or such development or redevelopment”.

1 PROHIBITION AGAINST OPEN-SPACE GRANTS TO CERTAIN
2 COMMUNITIES

3 SEC. 808. Section 702 of the Housing Act of 1961 is
4 amended by adding at the end thereof the following new
5 subsection:

6 “(f) No grant under this title shall be made to any
7 community having a median family income of over \$15,000.”

8 APPLYING ADVANCES IN TECHNOLOGY TO HOUSING AND
9 URBAN DEVELOPMENT

10 SEC. 809. (a) To encourage and assist the housing
11 industry to continue to reduce the cost and improve the
12 quality of housing by the application to home construction
13 of advances in technology, and to encourage and assist the
14 application of advances in technology to urban development
15 activities, the Secretary of Housing and Urban Development
16 is directed—

17 (1) to conduct research and studies to test and dem-
18 onstrate new and improved techniques and methods of
19 applying advances in technology to housing construc-
20 tion, rehabilitation, and maintenance, and urban devel-
21 opment activities; and

22 (2) to encourage and promote the acceptance and
23 application of new and improved techniques and methods
24 of constructing, rehabilitating, and maintaining housing
25 and the application of advances in technology to urban

1 development activities by all segments of the housing
2 industry, communities, industries engaged in urban de-
3 velopment activities, and the general public.

4 (b) Research and studies conducted under this section
5 shall be designed to test and demonstrate the applicability
6 to housing construction, rehabilitation, and maintenance, and
7 urban development activities, of advances in technology re-
8 lating to (1) design concepts, (2) construction and rehabil-
9 itation methods, (3) manufacturing processes, (4) materials
10 and products, and (5) building components.

11 (c) The Secretary is authorized to carry out the
12 research and studies authorized by this section either directly,
13 or by contract (for work to continue not more than two
14 years from the date of the contract) with public or private
15 bodies or agencies, or by working agreement with depart-
16 ments and agencies of the Federal Government, as he may
17 determine to be desirable.

18 (d) There are hereby authorized to be appropriated
19 such sums as may be necessary to carry out the provisions of
20 this section. All funds so appropriated shall remain avail-
21 able until expended when so provided in appropriation Acts.

22 (e) Nothing contained in this section shall limit any
23 authority of the Secretary under title III of the Housing
24 Act of 1948, section 602 of the Housing Act of 1956, or
25 any other provision of law.

PAYMENTS WITH RESPECT TO CERTAIN PROPERTIES AT OR
NEAR MILITARY BASES ORDERED TO BE CLOSED

SEC. 810. Section 108 of the Housing and Urban Development Act of 1965 is amended by redesignating subsections (e) and (f) as subsections (f) and (g), respectively, and by inserting after subsection (d) the following new subsection:

“(e) In any case in which a property could have been acquired by the Secretary of Defense in accordance with the preceding provisions of this section, but the owner of such property had instead sold it to another person (after the announcement of the intention of the Department of Defense to close all or part of the base or installation) at a price less than its fair market value immediately prior to such announcement or lost it through foreclosure (after such announcement), the Secretary of Defense shall upon application pay to such owner as partial compensation for losses sustained in such sale or as a result of such foreclosure an amount equal to the difference between the fair market value of the property immediately prior to such announcement and the fair market value of the property at the time of such sale or foreclosure.”

1 STUDY CONCERNING RELIEF OF HOMEOWNERS IN

2 PROXIMITY TO AIRPORTS

3 SEC. 811. Section 1113 of the Housing and Urban
4 Development Act of 1965 is amended—

5 (1) by inserting “(a)” after “SEC. 1113.”;

6 (2) by striking out “one year after the date of the
7 enactment of this Act” and inserting in lieu thereof
8 “six months after the date of the enactment of the Hous-
9 ing and Urban Development Act of 1966”; and

10 (3) by adding at the end thereof the following new
11 subsection:

12 “(b) There is authorized to be appropriated the sum
13 of \$100,000 to carry out subsection (a).”

14 HYDROLOGY RESEARCH FOR URBAN DEVELOPMENT

15 SEC. 812. (a) The Congress finds that there is an
16 increasingly severe impact upon the national economy oc-
17 casioned by storm water damages and costs of storm drainage
18 control in urban and metropolitan areas; that engineering
19 technology directed toward the specialized storm drainage
20 problems of urbanized areas has not kept pace with the
21 growth of drainage problems in such areas; and that effective
22 areawide comprehensive planning requires efficient planning
23 and design of all elements of urban drainage systems.

1 (b) The Secretary of Housing and Urban Development
2 is authorized—

3 (1) by contract with public or private agencies to
4 conduct studies, investigations, research, and demon-
5 strations to develop and improve all aspects of the science
6 and technology of urban hydrology as it relates
7 to storm drainage systems for urban and metropolitan
8 areas and to collection sewers for such areas, and by
9 working agreements with other departments and agen-
10 cies of the Federal Government to conduct studies, in-
11 vestigations, research, and demonstrations to develop
12 and improve all aspects of the science and technology
13 of urban hydrology;

14 (2) to evaluate the studies, investigations, research,
15 and demonstrations authorized by this section; and

16 (3) to make available, through publications and
17 other appropriate means, the information resulting from
18 such studies, investigations, research, and demonstra-
19 tions.

20 (c) The Secretary shall annually submit a report to the
21 President and to the Congress concerning the studies, investi-
22 gations, research, and demonstrations undertaken under this
23 section with such recommendations as he deems desirable for
24 additional legislation to develop the science of urban hydrol-
25 ogy and its application.

1 (d) There are hereby authorized to be appropriated such
2 sums as may be necessary to carry out the provisions of this
3 section. Appropriations authorized under this section shall
4 remain available until expended when so provided in appro-
5 priation Acts.

6 (e) Nothing contained in this section shall limit any
7 authority of the Secretary under title III of the Housing Act
8 of 1948, section 602 of the Housing Act of 1956, or any
9 other provision of law.

10 SPECIFIC URBAN RENEWAL PROJECTS

11 SEC. 813. (a) Notwithstanding any other provision
12 of law, moneys heretofore or hereafter expended by the
13 Massachusetts Institute of Technology for the acquisition
14 of real property (and related expenditures for demolition
15 and relocation) included in the overall development plans
16 proposed by such Institute and utilized, or to be utilized,
17 in connection with new facilities of such Institute within
18 one mile of urban renewal project Mass. R-107 (Kendall
19 Square) shall, if otherwise eligible and if made prior to
20 final payment of the capital grant for such project, be
21 counted as local grants-in-aid toward such project.

22 (b) Notwithstanding the extent to which the munic-
23 ipal police and courts building, the arts center, and the
24 municipal library building, located within or adjacent to
25 the central Little Rock urban renewal project (Arkan-

1 sas R-12) in Little Rock, Arkansas, may benefit areas
2 other than the urban renewal area, and notwithstanding
3 the date of the commencement of construction of each such
4 facility, expenses incurred by the city of Little Rock in
5 constructing such facilities shall, to the extent otherwise
6 eligible, be counted as local grants-in-aid toward such
7 project.

8 (c) Notwithstanding the date of the commencement of
9 construction of the Roosevelt School, Mary Manse College,
10 Mercy Hospital, and Saint Vincent's Hospital, in Toledo,
11 Ohio, local expenditures made in connection with such
12 schools and hospitals shall, to the extent otherwise eligible,
13 be counted as local grants-in-aid toward federally assisted
14 urban renewal projects in Toledo that will be served by such
15 schools and hospitals.

16 (d) Notwithstanding the extent to which the civic cen-
17 ter to be built within the Civic Center urban renewal project
18 (Texas R-83) in San Antonio, Texas, may benefit areas
19 other than the urban renewal area, expenses incurred by the
20 city of San Antonio in constructing such center shall, to the
21 extent otherwise eligible, be counted as local grants-in-aid
22 toward such project.

23 (e) Notwithstanding the extent to which the proposed
24 Community Services Center located within or adjacent to
25 the Buttermilk-Bottoms-North Avenue urban renewal proj-

ect (Ga. R-91) in Atlanta, Georgia, may benefit areas other than the urban renewal area, expenses incurred by the city of Atlanta in constructing such facilities shall, to the extent otherwise eligible, be counted as local grants-in-aid toward such project.

(f) There shall be counted as local grants-in-aid toward the West Central urban renewal project (Michigan R-85), in Albion, Michigan, to the extent otherwise eligible—

(1) local expenditures made in connection with the construction of the Austin Elementary School and the installation of certain water distribution system facilities, in the city of Albion, notwithstanding the date of the commencement of such construction and such installation; and

(2) expenditures made in connection with the construction of a new hospital plant in the city of Albion, notwithstanding the distance between such hospital plant (or the existing hospital in Albion) and the urban renewal project.

(g) Notwithstanding the date of the commencement of construction of the Florence Primary School in Garden City, Michigan, local expenditures made in connection with such school shall, to the extent otherwise eligible, be counted as

1 local grants-in-aid for the Cherry Hill urban renewal proj-
2 ect (Michigan R-46).

3 (h) Notwithstanding the date of the commencement
4 of construction of the Beale Street interceptor sewer in
5 Memphis, Tennessee, local expenditures made in connection
6 with such sewer shall, to the extent otherwise eligible, be
7 counted as local grants-in-aid to the medical center urban
8 renewal area II project (Tennessee R-68), the medical
9 center urban renewal area III project (Tennessee R-75),
10 and the Beale Street urban renewal area project (Ten-
11 nessee R-77).

12 (i) Notwithstanding the extent to which the Portland
13 Public Auditorium, located within or adjacent to the South
14 Auditorium urban renewal project Oregon R-1 in Portland,
15 Oregon, may benefit areas other than the urban renewal
16 area, expenses incurred by the city of Portland in an amount
17 not exceeding \$4,000,000 for rehabilitating that facility
18 shall, to the extent otherwise eligible, be counted as local
19 grants-in-aid toward such project.

20 (j) Notwithstanding the extent to which the civic cen-
21 ter and sports arena proposed to be built in or adjacent to
22 urban renewal project Mass. R-7 (North End) in Spring-
23 field, Massachusetts, may benefit areas other than the urban
24 renewal area, expenses incurred by the city of Springfield
25 in constructing such center and arena shall, to the extent

1 otherwise eligible, be counted as local grants-in-aid toward
2 such project.

3 (k) Notwithstanding the extent to which the Coliseum-
4 Convention Center proposed to be built within the Church
5 Street redevelopment and renewal project (Connecticut
6 R-2) in New Haven, Connecticut, may benefit areas other
7 than the urban renewal area, expenses incurred by the city
8 of New Haven in constructing such Coliseum-Convention
9 Center shall, to the extent otherwise eligible, be counted as
10 a grant-in-aid toward such project.

11 (l) Notwithstanding the extent to which the water
12 works improvement and extension project of the city of
13 Olathe, Kansas, may benefit areas other than the urban
14 renewal area, expenses incurred by the city of Olathe in
15 constructing such project shall, to the extent otherwise eligi-
16 ble, be counted as local grants-in-aid toward the Olathe urban
17 renewal project (Kansas R-31).

18 (m) Notwithstanding the provisions of section 110 (c)
19 of the Housing Act of 1949, the area in Hackensack, New
20 Jersey, hereinafter described shall be eligible for assistance
21 under title I of such Act on the same basis as a built-up
22 blighted area. Such area, known as the University Park
23 urban renewal area and being an area of approximately 185
24 acres, is bounded generally as follows: On the north, by
25 State Highway Route 4; on the east, by the Hackensack

1 River; on the south, by Passaic Street and its prolongation
2 easterly to the Hackensack River; and on the west, by
3 Main Street, the New Jersey-New York Railroad, De Voe
4 Place, and Hackensack Avenue.

5 (n) Notwithstanding the date of the commencement of
6 construction of a certain storm drainage system in Sacra-
7 mento, California, local expenditures made in connection
8 with such storm drainage system shall, to the extent other-
9 wise eligible, be counted as local grants-in-aid toward the
10 Capitol Mall Riverfront urban renewal project (California
11 R-67).

12 (o) Notwithstanding the extent to which the Hampden
13 Bridge may benefit areas other than the area originally desig-
14 nated for the urban renewal project Colorado R-19 (C)
15 (South Platte River) in Sheridan, Colorado, expenses in-
16 curred by the city of Sheridan in repairing such bridge shall,
17 to the extent otherwise eligible, be counted as local grants-
18 in-aid toward any federally assisted urban renewal project
19 undertaken for that same area.

20 (p) Notwithstanding the extent to which the Civic
21 Center and the City-County-Justice Building to be built
22 within the Central Business District Numbered 1 urban
23 renewal project (Michigan R-131) in Saginaw, Michigan,
24 may benefit areas other than the urban renewal area, ex-
25 penses incurred by the city of Saginaw in connection with

1 such center and building shall, to the extent otherwise eligi-
2 ble, be counted as local grants-in-aid toward such project.

3 (q) Notwithstanding the extent to which the down-
4 town civic center, municipal auditorium-music hall, Tivoli
5 Gardens, and cultural complex proposed to be built in
6 the urban renewal project Oklahoma R-26 (GN) (central
7 business district) in Oklahoma City, Oklahoma, may benefit
8 areas other than the urban renewal area, expenses incurred
9 by the city of Oklahoma City in the development and con-
10 struction of such facilities shall, to the extent otherwise eligi-
11 ble, be counted as local grants-in-aid toward such project.

12 (r) Notwithstanding the extent to which the fire and
13 police headquarters within the Slater urban renewal project
14 (Rhode Island R-11) in Pawtucket, Rhode Island, and
15 the public works depot replacing the municipal garage in
16 that project may benefit areas other than the urban renewal
17 area, expenses incurred by the city of Pawtucket in connec-
18 tion with such facilities shall, to the extent otherwise eligible,
19 be counted as local grants-in-aid toward such project: *Pro-*
20 *vided*, That the expenses which may be so counted shall not
21 exceed \$500,000 in connection with such fire and police
22 headquarters and \$250,000 in connection with such public
23 works depot.

24 (s) Notwithstanding the extent to which the Sinclair
25 Community College to be built within urban renewal proj-

1 ects Ohio R-15 and R-58 in Dayton, Ohio, and the Mont-
2 gomery County Courts-Jail Building recently completed ad-
3 jacent to such urban renewal projects, may benefit areas
4 other than the urban renewal areas, expenses incurred by
5 the Montgomery County Community College District and
6 the city of Dayton in constructing such college shall be
7 counted as local grant-in-aid toward any federally assisted
8 urban renewal project in Dayton, and local expenditures
9 made in connection with such building shall be counted as
10 local grants-in-aid toward such projects R-15 and R-58, to
11 the extent such expenses and expenditures are otherwise
12 eligible.

13 USE OF CERTAIN LANDS FOR CIVIL DEFENSE PURPOSES

14 SEC. 814. Section 2 of the Act entitled "An Act to
15 provide for the conveyance of a tract of land in Prince
16 Georges County, Maryland, to the State of Maryland for
17 use as a site for a National Guard Armory and for training
18 the National Guard or for other military purposes", approved
19 August 10, 1949 (63 Stat. 592), is amended by striking
20 out "The land" and inserting in lieu thereof "(a) Except as
21 provided in subsection (b) of this section, the land" and by
22 adding at the end thereof the following new subsection:

23 "(b) The Secretary of Housing and Urban Develop-
24 ment shall execute the necessary instrument or instruments
25 to provide that a certain portion of land, not to exceed two

1 acres, on the easterly side of the land described in the first
 2 section of this Act, as more particularly determined and
 3 designated by the Secretary of the Army, may be used for
 4 civil defense or other emergency preparedness purposes or
 5 the purposes stated in subsection (a) and that such use
 6 shall not cause the reverter clause set forth herein to become
 7 operable.”

8 *QUARTERS AND FACILITIES FOR FEDERAL HOME LOAN*
 9 *BANKS AND THE FEDERAL HOME LOAN BANK BOARD*

10 *SEC. 815. (a) The second sentence of section 12 of the*
 11 *Federal Home Loan Bank Act (12 U.S.C. 1432) is*
 12 *amended by striking out “but no bank building shall be*
 13 *bought or erected to house any such bank, nor shall any*
 14 *such bank make any lease” and inserting in lieu thereof*
 15 *“but, except with the prior approval of the board, no bank*
 16 *building shall be bought or erected to house any such bank,*
 17 *or leased by such bank under any lease”.*

18 *(b) Section 18 of such Act (12 U.S.C. 1438) is*
 19 *amended—*

20 *(1) by adding at the end of subsection (b) the*
 21 *following new sentence: “Such assessments may include*
 22 *such amounts as the board may deem advisable for*
 23 *carrying out the provisions of subsection (c) of this*
 24 *section.”; and*

1 (2) by adding at the end thereof the following new
2 subsection:

3 “(c)(1) The board, utilizing the services of the Ad-
4 ministrators of General Services (hereinafter referred to as
5 the ‘Administrator’), and subject to any limitation hereon
6 which may hereafter be imposed in appropriation Acts, is
7 hereby authorized—

8 “(A) to acquire, in the name of the United States,
9 real property in the District of Columbia, for the pur-
10 poses set forth in this subsection;

11 “(B) to construct, develop, furnish, and equip such
12 buildings thereon and such facilities as in its judgment
13 may be appropriate to provide, to such extent as the
14 board may deem advisable, suitable and adequate quar-
15 ters and facilities for the board and the agencies under
16 its administration or supervision;

17 “(C) to enlarge, remodel, or reconstruct any of the
18 same; and

19 “(D) to make or enter into contracts for any of the
20 foregoing.

21 “(2) The board may require of the respective banks, and
22 they shall make to the board, such advances of funds for the
23 purposes set out in paragraph (1) as in the sole judgment of
24 the board may from time to time be advisable. Such ad-
25 vances shall be in addition to the assessments authorized in

1 subsection (b) and shall be apportioned by the board among
2 the banks in proportion to the total assets of the respective
3 banks, determined in such manner and as of such times as
4 the board may prescribe. Each such advance shall bear
5 interest at the rate of $4\frac{1}{2}$ per centum per annum from the
6 date of the advance and shall be repaid by the board in such
7 installments and over such period, not longer than twenty-
8 five years from the making of the advance, as the board may
9 determine. Payments of interest and principal upon such
10 advances shall be made from receipts of the board or from
11 other sources which may from time to time be available to the
12 board. The obligation of the board to make any such pay-
13 ment shall not be regarded as an obligation of the United
14 States. To such extent as the board may prescribe any such
15 obligation shall be regarded as a legal investment for the
16 purposes of subsections (g) and (h) of section 11 and for
17 the purposes of section 16.

18 “(3) The plans and designs for such buildings and
19 facilities and for any such enlargement, remodeling, or recon-
20 struction shall, to such extent as the chairman of the board
21 may request, be subject to his approval.

22 “(4) Upon the making of arrangements mutually agree-
23 able to the board and the Administrator, which arrangements
24 may be modified from time to time by mutual agreement
25 between them and may include but shall not be limited to the

1 making of payments by the board and such agencies to the
2 Administrator and by the Administrator to the board, the
3 custody, management, and control of such buildings and facil-
4 ities and of such real property shall be vested in the Admin-
5 istrator in accordance therewith. Until the making of such
6 arrangements such custody, management, and control, includ-
7 ing the assignment and allotment and the reassignment and
8 reallocation of building and other space, shall be vested in
9 the board.

10 “(5) Any proceeds (including advances) received by
11 the board in connection with this subsection, and any pro-
12 ceeds from the sale or other disposition of real or other prop-
13 erty acquired by the board under this subsection, shall be
14 considered as receipts of the board, and obligations and ex-
15 penditures of the board and such agencies in connection with
16 this subsection shall not be considered as administrative ex-
17 penses. As used in this subsection, the term ‘property’ shall
18 include interests in property.

19 “(6) With respect to its functions under this subsection
20 the board shall (A) annually prepare and submit a budget
21 program as provided in title I of the Government Corpora-
22 tion Control Act with regard to wholly owned Government
23 corporations, and for purposes of this sentence, the terms
24 ‘wholly owned Government corporations’ and ‘Government
25 corporations’, wherever used in such title, shall include the

1 board, and (B) maintain an integral set of accounts which
2 shall be audited annually by the General Accounting Office
3 in accordance with the principles and procedures applicable
4 to commercial corporate transactions as provided in such
5 title, and no other audit, settlement, or adjustment shall be
6 required with respect to transactions under this subsection or
7 with respect to claims, demands, or accounts by or against
8 any person arising thereunder. Except as otherwise pro-
9 vided in this subsection or by the board, the provisions of this
10 subsection and the functions thereby or thereunder subsisting
11 shall be applicable and exercisable notwithstanding and with-
12 out regard to the Act of June 20, 1938 (D.C. Code, secs.
13 5-413—5-428), except that the proviso of section 16 thereof
14 shall apply to any building constructed under this subsection,
15 and section 306 of the Act of July 30, 1947 (61 Stat. 584),
16 or any other provision of law relating to the construction,
17 alteration, repair, or furnishing of public or other buildings
18 or structures or the obtaining of sites therefor, but any person
19 or body in whom any such function is vested may provide for
20 delegation or redelegation of the exercise of such function.

21 “(7) No obligation shall be incurred and no expendi-
22 ture, except in liquidation of obligation, shall be made pur-
23 suant to the first two subparagraphs of paragraph (1) of this
24 subsection if the total amount of all obligations incurred
25 pursuant thereto would thereupon exceed \$13,200,000 or

1 *such greater amount as may be provided in an appropriation*
 2 *Act or other law.”*

3 MISCELLANEOUS AND TECHNICAL AMENDMENTS

4 SEC. ~~815~~ 816. (a) Section 106 (d) of the Housing Act
 5 of 1949 is repealed.

6 (b) (1) Section 113 (a) of the Housing Act of 1949
 7 and section 701 (a) (3) of the Housing Act of 1954 are
 8 amended by inserting “(or under any Act supplementary
 9 thereto)” after “Area Redevelopment Act”.

10 (2) Section 113 (d) of the Housing Act of 1949 is
 11 amended by inserting “(or Act supplementary thereto)”
 12 after “Area Redevelopment Act”.

13 (c) Section 227 (a) of the National Housing Act is
 14 amended by striking out “subsection (b) (2)” in clause
 15 (vi) and inserting in lieu thereof “subsection (b)”.

16 (d) The last sentence of section 305 (e) of the National
 17 Housing Act is amended by striking out “supplementing”
 18 and inserting in lieu thereof “supplementary”.

19 (e) Section 308 of the National Housing Act is amended
 20 by striking out “(a)”.

21 (f) Section 512 of the National Housing Act is amended
 22 by striking out “or IX” and inserting in lieu thereof “IX,
 23 X, or XI”.

24 (g) Section 1001 (c) of the National Housing Act is

1 amended by striking out “ ‘mortgage’ ” and inserting in lieu
2 thereof “ ‘mortgagee’ ”.

3 *(h) Section 1 of the National Housing Act is amended*
4 *by striking out “and X” wherever it appears and inserting*
5 *in lieu thereof “X, and XI”.*

6 CONFORMING NOMENCLATURE IN STATUTES TO DEPART-
7 MENT OF HOUSING AND URBAN DEVELOPMENT ACT

8 SEC. ~~816~~ 817. (a) (1) The National Housing Act is
9 amended—

10 (A) by striking out “Federal Housing Adminis-
11 tration” each place it appears and inserting in lieu
12 thereof “Department of Housing and Urban Develop-
13 ment”;

14 (B) by striking out “Federal Housing Commis-
15 sioner” each place it appears and inserting in lieu
16 thereof “Secretary of Housing and Urban Develop-
17 ment”;

18 (C) by striking out “Commissioner” each place it
19 appears and inserting in lieu thereof “Secretary”; and

20 (D) by striking out “Commissioner’s” each place
21 it appears and inserting in lieu thereof “Secretary’s”.

22 (2) The heading of section 1 of such Act is amended
23 by striking out “CREATION OF FEDERAL HOUSING ADMINIS-
24 TRATION” and inserting in lieu thereof “ADMINISTRATIVE
25 PROVISIONS”.

1 (3) Section 1 of such Act is amended—

2 (A) by striking out the first paragraph;

3 (B) by inserting immediately before “may estab-
4 lish” in the first sentence of the second paragraph the
5 following: “(hereinafter referred to as the ‘Secre-
6 tary’)”; and

7 (C) by striking out “Administration” in the ~~last~~
8 *next to last* sentence of the second paragraph and insert-
9 ing in lieu thereof “Department”.

10 (4) Sections 2 (c) (2), 204 (g), 604 (g), and 904 (f)
11 of such Act are amended by striking out “the Commissioner
12 or by any Assistant Commissioner” and inserting in lieu
13 thereof “an officer”.

14 (5) The first sentence of section 206 of such Act is
15 amended by striking out “shall be deposited” and inserting
16 in lieu thereof “related to insurance under section 203 shall
17 be deposited”.

18 (6) The first sentence of section 209 of such Act is
19 amended by adding “in connection with the insurance pro-
20 grams” after “made”.

21 (7) Section 220 (d) (1) (A) of such Act is amended—

22 (A) by striking out “Housing and Home Finance
23 Administrator” each place it appears and inserting in lieu
24 thereof “Secretary of Housing and Urban Develop-
25 ment”;

1 (B) by striking out "Administrator" each place it
2 appears and inserting in lieu thereof "Secretary";

3 (C) by striking out "certification to the Commis-
4 sioner" and inserting in lieu thereof "determination";
5 and

6 (D) by striking out "certified to the Commissioner"
7 each place it appears and inserting in lieu thereof
8 "determined".

9 (8) Section 223 (a) (2) of such Act is amended—

10 (A) by striking out "Public Housing Administra-
11 tion" and inserting in lieu thereof "Secretary of Housing
12 and Urban Development"; and

13 (B) by striking out "said Administration" and in-
14 serting in lieu thereof "Secretary".

15 (9) The heading of section 226 of such Act is amended
16 by striking out "FHA".

17 (10) Section 302 (a) of such Act is amended by strik-
18 ing out "a constituent agency of the Housing and Home
19 Finance Agency" and inserting in lieu thereof "in the De-
20 partment of Housing and Urban Development".

21 (11) Section 306 (e) of such Act is amended by
22 striking out "Housing and Home Finance Agency or its
23 Administrator, or by such Agency's constituent units or
24 agencies or the heads thereof" and inserting in lieu thereof
25 "Secretary of Housing and Urban Development".

1 (12) Sections 303 (g) and 308 of such Act are amended
2 by striking out “Housing and Home Finance Administrator”
3 and inserting in lieu thereof “Secretary of Housing and
4 Urban Development”.

5 (13) Section 308 of such Act is further amended by
6 striking out “said Administrator” each place it appears and
7 inserting in lieu thereof “the Secretary”.

8 (14) The third paragraph of section 603 (a) of such Act
9 is amended by striking out “in any field office of” and insert-
10 ing in lieu thereof “by”.

11 (15) The second paragraph of section 610 of such Act
12 is amended—

13 (A) by striking out “Public Housing Administra-
14 tion” and inserting in lieu thereof “Secretary”; and

15 (B) by striking out “said Administration” and in-
16 serting in lieu thereof “Secretary”.

17 (16) Section 803 (b) (2) of such Act is amended—

18 (A) by striking out “Secretary or his designee” in
19 the first sentence and inserting in lieu thereof “Secre-
20 tary of Defense or his designee”;

21 (B) by striking out “certified by the Secretary” in
22 the third sentence and inserting in lieu thereof “certified
23 by the Secretary of Defense”;

24 (C) by striking out “require the Secretary” in the

1 third sentence and inserting in lieu thereof “require the
2 Secretary of Defense”; and

3 (D) by striking out “Secretary to guarantee” in the
4 fourth sentence and inserting in lieu thereof “Secretary
5 of Defense to guarantee”.

6 (17) Section 807 of such Act is amended by striking
7 out the second sentence.

8 (18) Section 809 of such Act is amended—

9 (A) by striking out “Secretary or his designee” in
10 subsections (a) and (b) and inserting in lieu thereof
11 “Secretary of Defense or his designee”;

12 (B) by striking out “Secretary to guarantee” in
13 subsection (b) and inserting in lieu thereof “Secretary
14 of Defense to guarantee”;

15 (C) by striking out “‘Secretary or his designee’,
16 and ‘Secretary’ ” in subsection (g) (2) (i) and insert-
17 ing in lieu thereof “‘Secretary of Defense or his des-
18 ignee’, and ‘Secretary of Defense’ ”; and

19 (D) by striking out “such Administration” in both
20 places it appears in subsection (g) (2) (iii) and insert-
21 ing in lieu thereof “National Aeronautics and Space
22 Administration”.

23 (19) Section 903 (a) of such Act is amended by strik-
24 ing out “Housing and Home Finance Administrator” and

1 inserting in lieu thereof "Secretary of Housing and Urban
2 Development".

3 (20) Section 903 (d) of such Act is amended by striking
4 out " , with the approval of the Housing and Home Finance
5 Administrator,".

6 (21) Section 1003 (b) (3) of such Act is amended by
7 striking out "Housing and Home Finance Administrator"
8 and inserting in lieu thereof "Secretary".

9 (b) (1) The United States Housing Act of 1937 is
10 amended by striking out "Administrator" each place it ap-
11 pears and inserting in lieu thereof "Secretary".

12 (2) Section 3 of such Act is amended by—

13 (A) striking out "Department of the Interior" in
14 subsection (a) and inserting in lieu thereof "Depart-
15 ment of Housing and Urban Development";

16 (B) by striking out "an Administrator," and all
17 that follows in subsection (b) and inserting in lieu
18 thereof "the Secretary of Housing and Urban Develop-
19 ment (hereinafter referred to as the 'Secretary') .";

20 (C) by striking out the first sentence of subsection
21 (c) ; and

22 (D) by striking out "Neither the Administrator
23 nor any" in subsection (c) and inserting in lieu thereof
24 "No".

25 (3) Section 4 of such Act is amended by striking out

1 subsections (a) and (b) and redesignating subsections (c)
2 and (d) as subsections (a) and (b).

3 (4) Section 5 (b) of such Act is amended by striking
4 out "shall sue" and inserting in lieu thereof "may sue".

5 (5) Section 5 of such Act is further amended by striking
6 out subsection (c) and redesignating subsections (d) and
7 (e) as subsections (c) and (d), respectively.

8 (6) Section 7 (b) of such Act is amended—

9 (A) by striking out "Housing and Home Finance
10 Administrator" and inserting in lieu thereof "Secre-
11 tary"; and

12 (B) by striking out "Housing and Home Finance
13 Agency" and inserting in lieu thereof "Department of
14 Housing and Urban Development".

15 (7) Section 13 (b) of such Act is amended by striking
16 out "4 (d)" and inserting in lieu thereof "4 (b)".

17 (8) Section 16 (1) of such Act is amended by striking
18 out "suits shall" in the proviso and inserting in lieu thereof
19 "suits may".

20 (9) Section 16 of such Act is further amended by strik-
21 ing out paragraphs (3) and (4) and redesignating para-
22 graph (5) as paragraph (3).

23 (10) Section 22 (b) of such Act is amended by striking
24 out "first" in the proviso.

1 (c) Section 20 of the District of Columbia Redevelop-
2 ment Act is amended—

3 (1) by striking out “Housing and Home Finance
4 Administrator (hereafter in this section referred to as
5 the Administrator)” in subsection (a) and inserting in
6 lieu thereof “Secretary of Housing and Urban Develop-
7 ment (hereinafter in this section referred to as the Secre-
8 tary)”; and

9 (2) by striking out “Administrator” each place it
10 appears and inserting in lieu thereof “Secretary”.

11 (d) Section 101 of the Government Corporation Con-
12 trol Act is amended by striking out “Federal Public Housing
13 Authority (or Public Housing Administration)” and insert-
14 ing in lieu thereof “United States Housing Authority”.

15 (e) (1) Section 301 of the Housing Act of 1948 is
16 amended—

17 (A) by striking out “Housing and Home Finance
18 Administrator” and inserting in lieu thereof “Secretary
19 of Housing and Urban Development”;

20 (B) by striking out “Administrator” each place it
21 appears in subsections (a) and (b) and inserting in
22 lieu thereof “Secretary”; and

23 (C) by striking out the last two sentences of sub-
24 section (a).

25 (2) Section 302 of such Act is amended by striking out

1 “Administrator” each place it appears and inserting in lieu
2 thereof “Secretary”.

3 (3) Section 304 of such Act is repealed.

4 (4) Section 502 of such Act is amended—

5 (A) by striking out “Housing and Home Finance
6 Administrator” in subsection (a) and inserting in lieu
7 thereof “Secretary of Housing and Urban Develop-
8 ment”;

9 (B) by striking out “Administrator” each place
10 it appears in subsection (a) and inserting in lieu thereof
11 “Secretary”;

12 (C) by striking out the next to the last sentence
13 in subsection (a) ;

14 (D) by striking out “Public Housing Administra-
15 tion” each place it appears in the first and fourth sen-
16 tences of subsection (b) and inserting in lieu thereof
17 “United States Housing Authority”;

18 (E) by striking out “Administration” each place
19 it appears in the third sentence of subsection (b) and
20 inserting in lieu thereof “Authority”;

21 (F) by striking out “shall sue” in the first sentence
22 of subsection (b) and inserting in lieu thereof “may
23 sue”;

24 (G) by striking out the second sentence of sub-
25 section (b) ;

1 (H) by striking out “Housing and Home Finance
2 Administrator, the Home Loan Bank Board” where
3 it first appears in subsection (c) and inserting in lieu
4 thereof “Secretary of Housing and Urban Development
5 and the Federal Home Loan Bank Board”;

6 (I) by striking out “Home Loan Bank Board),
7 the Federal Housing Commissioner, and the Public
8 Housing Commissioner” in subsection (c) and insert-
9 ing in lieu thereof “Federal Home Loan Bank Board)”;

10 (J) by striking out “Housing and Home Finance
11 Administrator, the Home Loan Bank Board, the Fed-
12 eral Housing Commissioner, and the Public Housing
13 Commissioner” in subsection (c) (3) and inserting in
14 lieu thereof “Secretary of Housing and Urban Develop-
15 ment and the Federal Home Loan Bank Board”;

16 (K) by striking out “said officers or agencies” in
17 subsection (c) (3) and inserting in lieu thereof “such
18 officer or agency”;

19 (L) by striking out “Housing and Home Finance
20 Administrator, the Federal Housing Commissioner, and
21 the Public Housing Commissioner, respectively, may
22 utilize funds made available to them” in subsection (d)
23 and inserting in lieu thereof “Secretary of Housing and

1 Urban Development may utilize funds made available to
2 him"; and

3 (M) by striking out "of the respective agencies" in
4 subsection (d).

5 (f) (1) Section 2 of the Housing Act of 1949 is
6 amended by striking out "The Housing and Home Finance
7 Agency and its constituent agencies" and inserting in lieu
8 thereof "The Department of Housing and Urban Develop-
9 ment".

10 (2) Title I of such Act is amended by striking out
11 "Administrator" each place it appears and inserting in lieu
12 thereof "Secretary".

13 (3) Section 101 (c) of such Act is amended by striking
14 out "to the constituent agencies affected".

15 (4) The last sentence of section 103 (b) of such Act is
16 amended by striking out "paid or accrued to the Secretary"
17 and inserting in lieu thereof "paid or accrued to the Secretary
18 of the Treasury".

19 (5) Section 106 (a) of such Act is amended by striking
20 out paragraph (1) and redesignating paragraphs (2) and
21 (3) as (1) and (2).

22 (6) Section 107 (b) of such Act is amended by striking

1 out “Public Housing Commissioner” and inserting in lieu
2 thereof “Secretary of Housing and Urban Development”.

3 (7) Section 110 (j) of such Act is amended to read as
4 follows:

5 “(j) ‘Secretary’ means the Secretary of Housing and
6 Urban Development”.

7 (8) Section 601 of such Act is amended (A) by strik-
8 ing out “The Housing and Home Finance Administrator and
9 the head of each constituent agency of the Housing and
10 Home Finance Agency” and inserting in lieu thereof “The
11 Secretary of Housing and Urban Development”, and (B)
12 by striking out “each” and inserting in lieu thereof “he”.

13 (9) Section 605 of such Act is repealed.

14 (10) Section 612 of such Act is amended by striking
15 out “Housing and Home Finance Agency” each place it
16 appears and inserting in lieu thereof “Department of Hous-
17 ing and Urban Development”.

18 (g) Section 602 (d) (11) of the Federal Property and
19 Administrative Services Act of 1949 is amended by striking
20 out “the Housing and Home Finance Agency, or any officer
21 or constituent agency therein,” and inserting in lieu thereof
22 “the Department of Housing and Urban Development or
23 any officer thereof”.

24 (h) (1) Title IV of the Housing Act of 1950 is amend-

1 ed by striking out “Administrator” each place it appears
2 and inserting in lieu thereof “Secretary”.

3 (2) Section 402 (c) (2) of such Act is amended by
4 striking out “Federal Security Agency” and inserting in
5 lieu thereof “Department of Health, Education, and Wel-
6 fare”.

7 (3) Section 404 (f) of such Act is amended to read as
8 follows:

9 “(f) ‘Secretary’ means the Secretary of Housing and
10 Urban Development.”

11 (4) Section 507 of such Act is amended—

12 (A) by striking out “Public Housing Administra-
13 tion” and inserting in lieu thereof “Secretary of Housing
14 and Urban Development”, and

15 (B) by striking out “Administration” and inserting
16 in lieu thereof “Department”.

17 (5) Section 508 of such Act is amended by striking
18 out “Federal Housing Commissioner” and inserting in lieu
19 thereof “Secretary of Housing and Urban Development”.

20 (i) Section 304 of the Territorial Enabling Act of
21 1950 is amended by striking out “Housing and Home
22 Finance Administrator” and inserting in lieu thereof “Sec-
23 retary of Housing and Urban Development”.

24 (j) (1) Sections 312, 314, 701, and 702 of the Hous-
25 ing Act of 1954 are amended by striking out “Adminis-

1 trator" each place it appears and inserting in lieu thereof
2 "Secretary".

3 (2) Section 125 of such Act is amended by striking
4 out "Commissioner" in both places where it appears and
5 inserting in lieu thereof "Secretary of Housing and Urban
6 Development".

7 (3) Section 314 (a) of such Act is amended by strik-
8 ing out "Housing and Home Finance Administrator" and
9 inserting in lieu thereof "Secretary of Housing and Urban
10 Development".

11 (4) Section 703 of such Act is amended by striking
12 out clause (2) and inserting in lieu thereof "(2) the term
13 'Secretary' shall mean the Secretary of Housing and Urban
14 Development;".

15 (5) Section 801 of such Act is amended—

16 (A) by striking out "Federal Housing Commis-
17 sioner" each place it appears and inserting in lieu
18 thereof "Secretary of Housing and Urban Develop-
19 ment"; and

20 (B) by striking out "Commissioner" each place it
21 appears and inserting in lieu thereof "Secretary".

22 (6) Section 802 (a) of such Act is amended—

23 (A) by striking out "FHA";

24 (B) by striking out "Housing and Home Finance

1 Administrator” and inserting in lieu thereof “Secre-
2 tary of Housing and Urban Development”; and

3 (C) by striking out “Housing and Home Finance
4 Agency” and inserting in lieu thereof “Department of
5 Housing and Urban Development”.

6 (7) Section 811 of such Act is amended by striking out
7 “Housing and Home Finance Agency, including its con-
8 stituent agencies” and inserting in lieu thereof “Department
9 of Housing and Urban Development”.

10 (8) Section 814 of such Act is amended—

11 (A) by striking out “Federal Housing Commis-
12 sioner” and inserting in lieu thereof “Secretary of Hous-
13 ing and Urban Development”;

14 (B) by striking out “Housing and Home Finance
15 Agency (or any official or constituent thereof)” and
16 inserting in lieu thereof “Department of Housing and
17 Urban Development”;

18 (C) by striking out “Housing and Home Finance
19 Agency (or such official or constituent thereof)” and
20 inserting in lieu thereof “Department of Housing and
21 Urban Development”; and

22 (D) by striking out “Housing and Home Finance
23 Agency or any official or constituent agency thereof”

1 and inserting in lieu thereof “Department of Housing
2 and Urban Development”.

3 (9) Section 816 of such Act is amended by striking out
4 “Public Housing Commissioner” and inserting in lieu thereof
5 “Secretary of Housing and Urban Development”.

6 (10) Section 817 of such Act is amended—

7 (A) by striking out “Housing and Home Finance
8 Administrator” and inserting in lieu thereof “Secretary
9 of Housing and Urban Development”; and

10 (B) by striking out “Housing and Home Finance
11 Agency” and inserting in lieu thereof “Department of
12 Housing and Urban Development”.

13 (k) Sections 32 and 62 a. of the Atomic Energy Com-
14 munity Act of 1955 are amended by striking out “Fed-
15 eral Housing Commissioner” each place it appears and in-
16 serting in lieu thereof “Secretary of Housing and Urban
17 Development”.

18 (1) (1) Section 113 of the Housing Amendments of
19 1955 is repealed.

20 (2) Title II of such Amendments is amended by strik-
21 ing out “Administrator” each place it appears and inserting
22 in lieu thereof “Secretary”.

23 (3) Section 202 (a) of such Amendments is amended
24 by striking out “Housing and Home Finance Administrator”

1 and inserting in lieu thereof “Secretary of Housing and
2 Urban Development”.

3 (4) Section 403 of such Amendments is amended by
4 striking out “Commissioner” each place it appears and in-
5 serting in lieu thereof “Secretary of Housing and Urban
6 Development”.

7 (5) Section 404 of such Amendments is amended—

8 (A) by striking out “Federal Housing Commis-
9 sioner” each place it appears and inserting in lieu there-
10 of “Secretary of Housing and Urban Development”;

11 (B) by striking out “Federal Housing Commis-
12 sioner’s” in subsection (a) and inserting in lieu thereof
13 “Secretary of Housing and Urban Development’s”; and

14 (C) by striking out “Commissioner” each place it
15 appears in subsection (a) and inserting in lieu thereof
16 “Secretary of Housing and Urban Development”.

17 (6) Section 406 of such Amendments is amended—

18 (A) by striking out “Public Housing Administra-
19 tion” and inserting in lieu thereof “Secretary of Housing
20 and Urban Development”;

21 (B) by striking out “Federal Housing Commis-
22 sioner” and inserting in lieu thereof “Secretary of Hous-
23 ing and Urban Development”; and

24 (C) by striking out “Federal Housing Administra-

tion” and inserting in lieu thereof “Department of Housing and Urban Development”.

(7) Section 409 (a) of such Act is amended by striking out “or ‘Secretary’ ”.

(8) Title IV of such Act is further amended by inserting “of Defense” after “Secretary”—

(A) in the fourth and sixth sentences of section 403 (a) :

(B) in section 403 (b) :

(C) in the last three sentences of section 403 (d) :

(D) in the proviso in section 404 (a) :

(E) in the next to last sentence of section 404

(c) (2) :

(F) where it first appears in section 404 (e) ;

(G) in the third proviso in section 406; and

(H) in the last two sentences of section 406.

(m) (1) Section 104 (d) of the Housing Act of 1956 is amended by striking out “Housing and Home Finance Administrator” and inserting in lieu thereof “Secretary of Housing and Urban Development”.

(2) Section 602 of such Act is amended—

(A) by striking out “Housing and Home Finance Administrator” in subsection (a) and inserting in lieu thereof “Secretary of Housing and Urban Development”;

(B) by striking out “Administrator” each place it appears and inserting in lieu thereof “Secretary”; and

(C) by striking out “Housing and Home Finance Agency” in subsection (c) and inserting in lieu thereof “Department of Housing and Urban Development”.

(n) (1) Section 104 of the Housing Act of 1957 is amended by striking out “Federal Housing Commissioner” and inserting in lieu thereof “Secretary of Housing and Urban Development”.

(2) Section 604 of such Act is amended—

(A) by striking out “Housing and Home Finance Administrator” and inserting in lieu thereof “Secretary of Housing and Urban Development”; and

(B) by striking out “Housing and Home Finance Agency” and inserting in lieu thereof “Department of Housing and Urban Development”.

(3) Section 605 of such Act is amended—

(A) by striking out “Federal Housing Commissioner” and inserting in lieu thereof “Secretary of Housing and Urban Development”; and

(B) by striking out “Commissioner” and inserting in lieu thereof “Secretary”.

(o) (1) Sections 52, 53, and 56 of the Alaska Omnibus Act are amended by striking out “Housing and Home Fi-

1 nance Administrator” and inserting in lieu thereof “Secretary
2 of Housing and Urban Development”.

3 (2) Section 53 of such Act is further amended by
4 striking out “Administrator” in the second paragraph and
5 inserting in lieu thereof “Secretary”.

6 (p) (1) Section 202 of the Housing Act of 1959 is
7 amended—

8 (A) by striking out “Administrator” each place it
9 appears and inserting in lieu thereof “Secretary”;

10 (B) by striking out in subsection (c) (2) “, ex-
11 cept” and all that follows down through and including
12 “section 513”; and

13 (C) by amending subsection (d) (6) to read as
14 follows:

15 “(6) The term ‘Secretary’ means the Secretary of
16 Housing and Urban Development.”

17 (2) Section 306 (b) of such Act is amended—

18 (A) by striking out “Housing and Home Finance
19 Administrator” and inserting in lieu thereof “Secretary
20 of Housing and Urban Development”; and

21 (B) by striking out “Administrator” and inserting
22 in lieu thereof “Secretary”.

23 (3) Sections 802 (a) and 808 of such Act are amended
24 by striking out “Housing and Home Finance Administrator”

1 and inserting in lieu thereof “Secretary of Housing and
2 Urban Development”.

3 (q) Section 5 of the Act of September 8, 1960 (74
4 Stat. 872), is amended by striking out “Housing and Home
5 Finance Administrator” and inserting in lieu thereof “Sec-
6 retary of Housing and Urban Development”.

7 (r) (1) Sections 207 and 312 of the Housing Act of
8 1961 are amended by striking out “Housing and Home
9 Finance Administrator” and inserting in lieu thereof “Secre-
10 tary of Housing and Urban Development”.

11 (2) Section 312 of such Act is further amended by
12 striking out “Administrator” and inserting in lieu thereof
13 “Secretary”.

14 (3) Title VII of such Act is amended by striking out
15 “Administrator” each place it appears and inserting in lieu
16 thereof “Secretary”.

17 (4) Section 702 of such Act is amended—

18 (A) by striking out “Housing and Home Finance
19 Administrator (hereinafter referred to as the ‘Adminis-
20 trator’)” in subsection (a) and inserting in lieu thereof
21 “Secretary of Housing and Urban Development (here-
22 inafter referred to as the ‘Secretary’)”; and

23 (B) by striking out “Secretary from time to time”

1 in subsection (e) and inserting in lieu thereof “Secretary
2 of the Interior from time to time”.

3 (5) Section 905 of such Act is amended—

4 (A) by striking out “Housing and Home Finance
5 Administrator and the Public Housing Administration
6 are” and inserting in lieu thereof “Secretary of Housing
7 and Urban Development is”; and

8 (B) by striking out “Administration” both places
9 it appears and inserting in lieu thereof “Secretary”.

10 (s) Section 2 of the Senior Citizens Housing Act of
11 1962 is amended by striking out “Housing and Home
12 Finance Agency” in the second sentence and inserting in lieu
13 thereof “Department of Housing and Urban Development”.

14 (t) (1) The Urban Mass Transportation Act of 1964
15 is amended by striking out “Administrator” each place it
16 appears and inserting in lieu thereof “Secretary”.

17 (2) Section 9 (c) (3) of such Act is amended to read
18 as follows:

19 “(3) the term ‘Secretary’ means the Secretary of
20 Housing and Urban Development;”.

21 (u) (1) Section 107 (g) of the Housing Act of 1964 is
22 amended by striking out “Federal Housing Commissioner”
23 and inserting in lieu thereof “Secretary of Housing and
24 Urban Development”.

25 (2) Section 312 of such Act is amended—

1 (A) by striking out “Administrator” each place it
2 appears and inserting in lieu thereof “Secretary”;

3 (B) by striking out “Housing and Home Finance
4 Administrator” in subsection (a) and inserting in lieu
5 thereof “Secretary of Housing and Urban Develop-
6 ment”;

7 (C) by amending subsection (b) (4) to read as
8 follows:

9 “(4) the term ‘Secretary’ means the Secretary of
10 Housing and Urban Development.”; and

11 (D) by striking out “Federal Housing Commis-
12 sioner” in subsection (c) (4) (A) and inserting in lieu
13 thereof “Secretary of Housing and Urban Develop-
14 ment”.

15 (4) Section 318 of such Act is amended by striking
16 out “Housing and Home Finance Administrator” and in-
17 serting in lieu thereof “Secretary of Housing and Urban
18 Development”.

19 (5) Title VIII of such Act is amended by striking out
20 “Administrator” each place it appears and inserting in lieu
21 thereof “Secretary”.

22 (6) Section 805 (a) of such Act is amended by striking
23 out “‘Administrator’ means the Housing and Home Finance
24 Administrator” and inserting in lieu thereof “‘Secretary’
25 means the Secretary of Housing and Urban Development”.

1 (7) Section 810 of such Act is amended by striking
2 out “Housing and Home Finance Administrator” in subsec-
3 tions (a) and (b) and inserting in lieu thereof “Secretary
4 of Housing and Urban Development”.

5 (8) Section 1005 of such Act is amended—

6 (A) by striking out “Federal Housing Commis-
7 sioner” and inserting in lieu thereof “Secretary of Hous-
8 ing and Urban Development”; and

9 (B) by striking out “Federal Housing Administra-
10 tion” and inserting in lieu thereof “Department of Hous-
11 ing and Urban Development”.

12 (9) Section 1006 of such Act is amended by striking out
13 “Public Housing Commissioner” and inserting in lieu thereof
14 “Secretary of Housing and Urban Development”.

15 (10) Section 1007 of such Act is amended—

16 (A) by striking out “Housing and Home Finance
17 Administrator and the Public Housing Commissioner
18 are” each place it appears and inserting in lieu thereof
19 “Secretary of Housing and Urban Development is”; and

20 (B) by striking out “Public Housing Administra-
21 tion” and inserting in lieu thereof “Secretary”.

22 (v) (1) The Housing and Urban Development Act of
23 1965 is amended by striking out “Administrator” each place
24 it appears in sections 101 (c), (d), (e), and (g); 301 (b);

1 313 (b) ; 315 (a) (8) ; 402; and 404 (a) , and inserting in
2 lieu thereof in each instance “Secretary”.

3 (2) Title VII of such Act is amended by striking out
4 “Administrator” each place it appears and inserting in lieu
5 thereof “Secretary”.

6 (3) Section 101 of such Act is amended—

7 (A) by striking out “Housing and Home Finance
8 Administrator (hereinafter referred to as the ‘Adminis-
9 trator’) ” in subsection (a) and inserting in lieu thereof
10 “Secretary of Housing and Urban Development (here-
11 inafter referred to as the ‘Secretary’) ”; and

12 (B) by striking out all of the second sentence of
13 subsection (g) and inserting in lieu thereof “Nothing
14 contained in this section shall affect the authority of the
15 Secretary of Housing and Urban Development with
16 respect to any housing assisted under this section, sec-
17 tion 221 (d) (3) , or 231 (c) (3) of the National Housing
18 Act, or section 202 of the Housing Act of 1959, includ-
19 ing the authority to prescribe occupancy requirements
20 under other provisions of law or to determine the por-
21 tion of such housing which may be occupied by qualified
22 tenants.”

23 (4) Section 107 of such Act is amended—

24 (A) by striking out “Federal Housing Commis-

1 sioner” in subsection (a) (2) (A) and inserting in lieu
2 thereof “Secretary of Housing and Urban Develop-
3 ment”; and

4 (B) by striking out “Federal Housing Commis-
5 sioner” each place it appears in subsection (e) and in-
6 serting in lieu thereof “Secretary of Housing and Urban
7 Development”.

8 (5) Section 108 (d) of such Act is amended—

9 (A) by striking out “Federal Housing Commis-
10 sioner, and the Federal Housing Commissioner” and
11 inserting in lieu thereof “Secretary of Housing and
12 Urban Development, and the Secretary”; and

13 (B) by striking out “the Commissioner” and in-
14 serting in lieu thereof “the Secretary”.

15 (6) Section 301 of such Act is amended by striking out
16 “Housing and Home Finance Administrator” in the third
17 sentence of subsection (a) and inserting in lieu thereof “Sec-
18 retary of Housing and Urban Development”.

19 (7) Section 315 of such Act is amended—

20 (A) by striking out “Housing and Home Finance
21 Administrator” in subsection (a) (8) and inserting in
22 lieu thereof “Secretary of Housing and Urban Develop-
23 ment”;

24 (B) by striking out “Housing and Home Finance
25 Administrator and Public Housing Commissioner are”

1 in subsections (b) (1) and (b) (2) and inserting in
2 lieu thereof “Secretary of Housing and Urban Develop-
3 ment is”; and

4 (C) by striking out “Public Housing Administra-
5 tion” in subsection (b) (1) and inserting in lieu thereof
6 “Secretary”.

7 (8) Section 401 (5) of such Act is amended to read as
8 follows:

9 “(5) the term ‘Secretary’ means the Secretary of
10 Housing and Urban Development”.

11 (9) Section 702 (a) of such Act is amended by striking
12 out “Housing and Home Finance Administrator (hereinafter
13 in this title referred to as the ‘Administrator’)” and insert-
14 ing in lieu thereof “Secretary of Housing and Urban De-
15 velopment (hereinafter in this title referred to as the
16 ‘Secretary’)”.

17 (10) Section 1113 of such Act is amended by striking
18 out “Housing and Home Finance Administrator” and insert-
19 ing in lieu thereof “Secretary of Housing and Urban De-
20 velopment”.

21 (w) Section 501 of the Military Construction Author-
22 ization Act, 1966, is amended—

23 (1) by striking out “Administrator, Housing and
24 Home Finance Agency” in the first sentence and insert-

1 ing in lieu thereof “Secretary of Housing and Urban
2 Development”; and

3 (2) by striking out “Administrator” in the second
4 sentence and inserting in lieu thereof “Secretary of
5 Housing and Urban Development”.

6 (x) (1) Sections 493, 657, and 1006 of title 18, United
7 States Code, are amended by striking out “Federal Housing
8 Administration” and inserting in lieu thereof “Department
9 of Housing and Urban Development”.

10 (2) The eighth paragraph of section 709 of such title
11 is amended to read as follows:

12 “Whoever uses as a firm or business name the words
13 ‘Department of Housing and Urban Development’, ‘Hous-
14 ing and Home Finance Agency’, ‘Federal Housing Ad-
15 ministration’, ‘Federal National Mortgage Association’,
16 ‘United States Housing Authority’, or ‘Public Housing Ad-
17 ministration’ or the letters ‘HUD’, ‘FHA’, ‘PHA’, or
18 ‘USHA’, or any combination or variation of those words or
19 the letters ‘HUD’, ‘FHA’, ‘PHA’, or ‘USHA’ alone or
20 with other words or letters reasonably calculated to convey
21 the false impression that such name or business has some con-
22 nection with, or authorization from, the Department of Hous-
23 ing and Urban Development, the Housing and Home Finance

1 Agency, the Federal Housing Administration, the Federal
2 National Mortgage Association, the United States Housing
3 Authority, the Public Housing Administration, the Govern-
4 ment of the United States or any agency thereof, which does
5 not in fact exist, or falsely claims that any repair, improve-
6 ment, or alteration of any existing structure is required or
7 recommended by the Department of Housing and Urban De-
8 velopment, the Housing and Home Finance Agency, the
9 Federal Housing Administration, the Federal National Mort-
10 gage Association, the United States Housing Authority, the
11 Public Housing Administration, the Government of the
12 United States or any agency thereof, for the purpose of in-
13 ducing any person to enter into a contract for the making of
14 such repairs, alterations, or improvements, or falsely adver-
15 tises or falsely represents by any device whatsoever that any
16 housing unit, project, business, or product has been in any
17 way endorsed, authorized, inspected, appraised, or approved
18 by the Department of Housing and Urban Development, the
19 Housing and Home Finance Agency, the Federal Housing
20 Administration, the Federal National Mortgage Association,
21 the United States Housing Authority, the Public Housing
22 Administration, the Government of the United States or
23 any agency thereof; or”.

1 (3) Section 1010 of such title is amended—

2 (A) by amending the section heading to read as
3 follows:

4 **“§ 1010. Department of Housing and Urban Development**
5 **and Federal Housing Administration trans-**
6 **actions.”;**

7 (B) by striking out “Federal Housing Administra-
8 tion” and inserting in lieu thereof “Department of Hous-
9 ing and Urban Development”; and

10 (C) by striking out “such Administration” both
11 places it appears and inserting in lieu thereof “such
12 Department”.

13 (4) Section 1012 of such title is amended—

14 (A) by amending the section heading to read as
15 follows:

16 **“§ 1012. Department of Housing and Urban Development**
17 **transactions.”;**

18 (B) by striking out “Public Housing Administra-
19 tion” and inserting in lieu thereof “Department of Hous-
20 ing and Urban Development”; and

21 (C) by striking out “such Administration” each
22 place it appears and inserting in lieu thereof “such
23 Department”.

24 (5) The analysis of chapter 47, title 18, United States
25 Code, immediately preceding section 1001, is amended—

1 (A) by striking out the item relating to section
2 1010 and inserting in lieu thereof

“1010. Department of Housing and Urban Development and Federal
Housing Administration transactions.”;

3 and

4 (B) by striking out the item relating to section
5 1012 and inserting in lieu thereof

“1012. Department of Housing and Urban Development transactions.”

6 (y) Title 38, United States Code, is amended—

7 (1) by striking out “Federal Housing Administra-
8 tion approved mortgagee designated by the Federal
9 Housing Commissioner” in section 1802 (d) and in-
10 serting in lieu thereof “mortgagee approved by the
11 Secretary of Housing and Urban Development and
12 designated by him”.

13 (2) by striking out “Federal Housing Commis-
14 sioner” in subsections (b), (d), and (e) of section
15 1804 and inserting in lieu thereof “Secretary of Hous-
16 ing and Urban Development”.

17 (z) The fourth paragraph of section 24 of the Federal
18 Reserve Act is amended by striking out “Housing and Home
19 Finance Administrator” in the first sentence and inserting
20 in lieu thereof “Secretary of Housing and Urban Develop-
21 ment”.

22 (aa) (1) The penultimate sentence of paragraph

1 Seventh of section 5136 of the Revised Statutes (12 U.S.C.
2 24) is amended—

3 (A) by striking out “Federal Housing Administra-
4 tor” and inserting in lieu thereof “Secretary of Housing
5 and Urban Development (hereafter in this sentence re-
6 ferred to as the ‘Secretary’)”; and

7 (B) by striking out “Housing and Home Finance
8 Administrator” and inserting in lieu thereof “Secre-
9 tary”;

10 (C) by striking out “Administrator” each place it
11 appears and inserting in lieu thereof “Secretary”; and

12 (D) by striking out “Public Housing Administra-
13 tion” each place it appears and inserting in lieu thereof
14 “Secretary”.

15 (2) Paragraph (11) of section 5200 of the Revised
16 Statutes (12 U.S.C. 84) is amended—

17 (A) by striking out “Housing and Home Finance
18 Administrator or the Public Housing Administration”
19 and inserting in lieu thereof “Secretary of Housing and
20 Urban Development”; and

21 (B) by striking out “Administrator or Administra-
22 tion” each place it appears and inserting in lieu thereof
23 “Secretary”.

24 (bb) Any function or authority vested in or exercisable

1 by the Federal Home Loan Bank Board, the Chairman
2 thereof, or the Federal Savings and Loan Insurance Corpora-
3 tion immediately before the enactment of this Act shall not
4 by this section or anything therein be affected or impaired,
5 or subjected to any restriction or limitation to which it was
6 not then subject.

89TH CONGRESS
2^D SESSION

H. R. 15890

[Report No. 1699]

A BILL

To assist city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in these areas, to improve and amend our housing programs, and for other purposes.

By Mr. PATMAN

JUNE 23, 1966

Referred to the Committee on Banking and Currency

JULY 15, 1966

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

July 28, 1966

5. MARKETING. A subcommittee of the Agriculture Committee approved for full committee consideration a clean bill to provide for a check-off for paid advertising for plums, grapes, and pears. p. D688
6. HOUSING. The Banking and Currency Committee submitted an "accompanying document to" H. R. 15890, the demonstration cities bill (H. Rept. 1699, Pt. III). p. 16787
7. CIVIL RIGHTS. Concluded general debate on the civil rights bill and began reading it for amendments. pp. 16693-744, p. 16774
8. RECLAMATION. The Interior and Insular Affairs Committee voted to report (but did not actually report) H. R. 4671, amended, to authorize the construction, operation, and maintenance of the Lower Colorado River Basin Project. p. D688
9. FOREIGN TRADE. The Ways and Means Committee reported with amendment H. R. 8664, to implement the Agreement on the Importation of Educational, Scientific, and Cultural Materials (H. Rept. 1779). p. 16787
Rep. Olsen, Mont., urged expansion of agricultural exports as "the greatest hope" for increasing farm income. pp. 16782-3
Rep. Nelsen urged USDA consideration of "the very real problems posed to American agriculture by the markedly protectionist farm trade policies" adopted by the Common Market countries. He also criticized USDA pork purchasing policies and inserted articles on both subjects. pp. 16746-7
20. FOREIGN AID. Rep. Conte urged the cessation of shipments of wheat and other agricultural commodities to Egypt under Public Law 480. p. 16748
21. RECREATION. Rep. Saylor urged a speeding up of land acquisition for the Delaware Water Gap National Recreation Area because of land speculation in the area and inserted articles on the subject. pp. 16756-58
22. FARM PROGRAM. Rep. Hansen, Iowa, commended and inserted Secretary Freeman's speech at Harlan, Iowa. pp. 16777-79
23. OPINION POLL. Rep. Hamilton inserted the results of a questionnaire, including items of interest to this Department. p. 16780

ITEMS IN APPENDIX

24. CROPLAND ADJUSTMENT. Extension of remarks of Sen. Javits commending this Department's "Greenspan" program, and expressing hope that this is only the beginning of this "very imaginative program." p. A3985
25. DISASTER RELIEF. Extension of remarks of Rep. Roush inserting a comparative chart showing how new omnibus disaster relief legislation would expand the present laws providing relief to disaster victims. pp. A3989-90
26. WATERSHEDS. Extension of remarks of Rep. Berry criticizing the delay in the submission of watershed projects. p. A3990
27. PERSONNEL. Extension of remarks of Rep. Cooley commending Charles S. Murphy on his "30 years of distinguished service in the Federal Government." pp. A3994-

BILLS INTRODUCED

28. LANDS. S. 3672 by Sen. Mundt and H. R. 16633 by Rep. Berry, to give certain Indian tribes the right to cut hay on lands adjacent to certain reservoirs on which such tribes are permitted to graze stock; to Interior and Insular Affairs Committee.
29. CREDIT. H. R. 16643 by Rep. Ullman and H. R. 16651 by Rep. Duncan of Oregon, to amend the Defense Production Act of 1950 to provide standby consumer credit controls; to Banking and Currency Committee. Remarks of Rep. Ullman, pp. 16748-50 and Rep. Duncan, pp. 16750-1
30. MINERALS. H. R. 16641 by Rep. Roncalio, relating to the reinstatement of certain mineral leases; to Interior and Insular Affairs Committee.
H. R. 16660 through 16678 by 19 representatives, to protect the domestic economy, to promote the general welfare, and to assist in the national defense by providing for an adequate supply of lead and zinc for consumption in the United States from domestic and foreign sources; to Ways and Means Committee. Remarks of Rep. Aspinall, pp. 16745-6 and Rep. Skubitz, p. 16755
31. MILK. S. 3662 by Sen. McGovern, to establish a price support level for milk; to Agriculture and Forestry Committee. Remarks of author pp. 16612-3
32. TAXATION. S. 3669 by Sen. Murphy, to amend section 175 of the Internal Revenue Code of 1954 to include expenditures for the installation of tile drains as soil and water conservation expenditures which may be deducted under such section; to Finance Committee. Remarks of author pp. 16613-5
33. WATER. S. 3671 by Sen. Tower, to provide for an investigation and study for the feasibility of diverting water from the Missouri and Columbia Rivers to the western part of the State of Texas; to Public Works Committee. Remarks of author pp. 16616-7
34. HOUSING. H. R. 16615 by Rep. Widnall, to prohibit for 1 year the sale of participations under the Sales Participation Act of 1966 other than for housing mortgages held by the Federal National Mortgage Association and the Veterans' Administration; to Banking and Currency Committee. Remarks of author p. 16693
35. PERSONNEL. H. R. 16617 by Rep. Cunningham, to permit officers and employees of the Federal Government to elect coverage under the old-age, survivors, and disability insurance system; to Ways and Means Committee.
36. RESEARCH. H. R. 16619 by Rep. Downing, to authorize the Secretary of the Interior to develop, through the use of experiment and demonstration plants, practicable and economic means for the production by the commercial fishing industry of fish protein concentrate; to Merchant Marine and Fisheries Committee.
37. DISASTER RELIEF. H. R. 16628 by Rep. Schisler, to provide additional assistance for areas suffering a major disaster; to Public Works Committee.
38. WHEAT. H. R. 16635 by Rep. Findley, to repeal the wheat processing charge, commonly known as the bread tax; to Agriculture Committee. Remarks of author p. 16693

HOUSING AND URBAN DEVELOPMENT ACT OF 1966

SUPPLEMENTAL REPORT

OF THE

COMMITTEE ON BANKING AND CURRENCY HOUSE OF REPRESENTATIVES

EIGHTY-NINTH CONGRESS
SECOND SESSION

ON

H.R. 15890

PART III

FURTHER CHANGES IN EXISTING LAW MADE
BY THE BILL, AS REPORTED



JULY 28, 1966.—Committed to the Committee of the Whole House on
the State of the Union and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1966

Union Calendar No. 778

89TH CONGRESS 2d Session	}	HOUSE OF REPRESENTATIVES	}	REPT. 1699 PART III
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HOUSING AND URBAN DEVELOPMENT ACT OF 1966

JULY 28, 1966.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. PATMAN, from the Committee on Banking and Currency,
submitted the following

SUPPLEMENTAL REPORT

[To accompany H.R. 15890]

This supplemental report shows changes in existing law made by the bill (H.R. 15890), as reported, which were omitted from part II of the report submitted on July 15, 1966 (H. Rept. 1699, part II). The changes involved are in provisions of the National Housing Act, the United States Housing Act of 1937, title I of the Housing Act of 1949, and section 701 of the Housing Act of 1954. (Certain other changes made by the bill in such provisions, and correctly shown in part II of such report, are necessarily repeated in this supplemental report.)

PART III

FURTHER CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, the changes in existing law made by the bill, as reported, which are not included in part II of this report, submitted July 15, 1966, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman) :

NATIONAL HOUSING ACT

[Public Law 479, 73d Congress, 48 Stat. 1246, 12 U.S.C. 1701 et seq.]

AN ACT to encourage improvement in housing standards and conditions, to provide a system of mutual mortgage insurance, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Housing Act."

TITLE I—HOUSING RENOVATION AND
MODERNIZATION[CREATION OF FEDERAL HOUSING ADMINISTRATION] ADMINISTRATIVE
PROVISION

SECTION 1. [The President is authorized to create a Federal Housing Administration, all of the powers of which shall be exercised by a Federal Housing Commissioner (hereinafter referred to as the "Commissioner"), who shall be appointed by the President, by and with the advice and consent of the Senate.]

In order to carry out the provisions of this title and titles II, III, V, VI, VII, VIII, IX, [and X] *X, and XI*, the [Commissioner] *Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary")* may establish such agencies, accept, and utilize such voluntary and uncompensated services, utilize such Federal officers and employees, and, with the consent of the State such State and local officers and employees, and appoint such other officers and employees as he may find necessary, and may prescribe their authorities, duties, responsibilities, and tenure and fix their compensation, without regard to the provisions of other laws applicable to the employment or compensation of officers or employees of the United States. The [Commissioner] *Secretary* may delegate any of the functions and powers conferred upon him under this title and titles II, III, V, VI, VII, VIII, IX, [and X] *X, and XI*, to such officers, agents, and employees as he may designate or appoint, and may make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere, for law books and books of reference, and for paper, printing, and binding) as are necessary to carry out the provisions of this title and titles II, III, V, VI, VII, VIII, IX, [and X] *X, and XI*, without regard to any other provisions of law governing the expenditure of public funds. All such compensation, expenses, and allowances shall be paid out of funds made available by this Act: *Provided*, That notwithstanding any other provisions of law except provisions of law hereafter enacted expressly in limitation hereof, all expenses of the [Federal Housing Administration] *Department of Housing and Urban Development* in connection with the examination and insurance of loans or investments under any title of this Act, all properly capitalized expenditures, and other necessary expenses not attributable to general overhead in accordance with generally accepted accounting principles shall be considered nonadministrative and payable from funds made available by this Act, except that, unless made pursuant to specific authorization by the

Congress therefore, expenditures made in any fiscal year pursuant to this proviso, other than the payment of insurance claims and other than expenditures (including services on a contract or fee basis, but not including other personal services) in connection with the acquisition, protection, completion, operation, maintenance, improvement, or disposition of real or personal property of the **[Administration]** *Department* acquired under authority of this Act, shall not exceed 35 per centum of the income received by the **[Federal Housing Administration]** *Department of Housing and Urban Development* from premiums and fees during the preceding fiscal year. The **[Commissioner]** *Secretary* shall, in carrying out the provisions of this title and titles II, III, V, VI, VII, VIII, IX, **[and X]** *X, and XI*, be authorized, in his official capacity, to sue and be sued in any court of competent jurisdiction, State or Federal.

* * * * *

TITLE II—MORTGAGE INSURANCE

* * * * *

INSURANCE OF MORTGAGES

SEC. 203. (a) * * *

(b) To be eligible for insurance under this section a mortgage shall—

(1) Have been made to, and be held by, a mortgagee approved by the **[Commissioner]** *Secretary* as responsible and able to service the mortgage properly.

(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the **[Commissioner]** *Secretary* shall approve) in an amount not to exceed \$30,000 in the case of property upon which there is located a dwelling designed principally for a one-family residence; or \$32,500 in the case of a two-family residence (whether or not such one- or two-family residence may be intended to be rented temporarily for school purposes); or \$32,500 in the case of a three-family residence; or \$37,500 in the case of a four-family residence; and (except as provided in the next to the last sentence of this paragraph) not to exceed an amount equal to the sum of (i) 97 per centum (but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance or the dwelling was approved for guaranty, insurance, or direct loan under chapter 37 of title 38, United States Code, prior to the beginning of construction, 90 per centum) of \$15,000 of the appraised value of the property, as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of \$15,000 but not in excess of \$20,000, and (iii) 80 per centum of such value in excess of \$20,000. **[If the mortgagor is a veteran who has not received any direct, guaranteed, or insured loan under laws administered by the Veterans' Administration for the purchase, construction, or repair of a dwelling (including a farm dwelling) which was to be owned and occupied by him as his home.]** *If the mortgagor is a veteran*, and the mortgage to be insured under this section covers property upon which there is located a dwelling

designed principally for a one-family residence, the principal obligation may be in an amount equal to the sum of (i) 100 per centum of \$15,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of \$15,000 but not in excess of \$20,000, and (iii) 85 per centum of such value in excess of \$20,000. As used herein, the term "veteran" means any person who served on active duty in the Armed Forces of the United States for a period of not less than 90 days (or is certified by the Secretary of Defense as having performed extra-hazardous service), and who was discharged or released therefrom under conditions other than dishonorable.

* * * * *

LABOR STANDARDS

SEC. 212. (a) The **[Commissioner]** *Secretary* shall not insure under section 207 or section 210 of this title, or under section 608 of title VI, pursuant to any application for insurance filed subsequent to the effective date of this section, or under section 213 of this title, or under title VIII pursuant to any application filed subsequent to sixty days after the date of enactment of the Housing Act of 1950, or under section 803 or 810 of title VIII, or under section 908 of title IX, a mortgage or investment which covers property on which there is or is to be placed a dwelling or dwellings, or a housing project, the construction of which was or is to be commenced subsequent to such date, unless the principal contractor files a certificate or certificates (at such times, in course of construction or otherwise, as the **[Commissioner]** *Secretary* may prescribe) certifying that the laborers and mechanics employed in the construction of the dwelling or dwellings or the housing project involved have been paid not less than the wages prevailing in the locality in which the work was performed for the corresponding classes of laborers and mechanics employed on construction of a similar character, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5), prior to the beginning of construction and after the date of the filing of the application for insurance. The provisions of this section shall also apply to the insurance of any loan or mortgage under section 220 or section 233 which covers property on which there is located a dwelling or dwellings designed principally for residential use for twelve or more families. The provisions of this section shall apply to the insurance under section 221 of any mortgage described in subsection (d) (3), or (d) (4), *except that compliance with such provisions may be waived by the Secretary in cases or classes of cases where laborers or mechanics (not otherwise employed at any time in the construction of the project) voluntarily donate their services without compensation for the purpose of lowering their housing costs in a cooperative housing project and the Secretary determines that any amounts saved thereby are fully credited to the cooperative undertaking the construction.* The provisions of this section shall also apply to the insurance of any mortgage under section 231 or 232 except that compliance with such provisions may be waived by the **[Commissioner]** *Secretary* in cases or classes of cases

where laborers or mechanics, not otherwise employed at any time on the project, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction and the **[Commissioner]** *Secretary* determines that any amounts thereby saved are fully credited to the nonprofit corporation, association, or other organization undertaking the construction. The provisions of this section shall also apply to the insurance of any mortgage under section 234(d). The provisions of this section shall also apply to insurance under title X with respect to laborers and mechanics employed in land development financed with the proceeds of any mortgage insured under that title. *The provisions of this section shall also apply to the insurance of any mortgage under title XI; and each laborer or mechanic employed on any facility covered by a mortgage insured under such title shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be.*

* * * * *

COOPERATIVE HOUSING INSURANCE

SEC. 213. (a) * * *

(b) To be eligible for insurance under this section a mortgage on any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) of this section shall involve a principal obligation in an amount—

(1) * * *

(2) not to exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the **[Commissioner]** *Secretary*). **[\$9,000]** \$11,500 per family unit without a bedroom, **[\$12,500]** \$15,000 per family unit with one bedroom, **[\$15,000]** \$17,500 per family unit with two bedrooms, **[\$18,500]** \$21,000 per family unit with three bedrooms, and **[\$21,000]** \$23,500 per family unit with four or more bedrooms, and not to exceed 97 per centum of the amount which the **[Commissioner]** *Secretary* estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *Provided*. That as to projects to consist of elevator-type structures the **[Commissioner]** *Secretary* may, in his discretion, increase the dollar amount limitations per family unit to not to exceed **[\$10,500]** \$13,000 per family unit without a bedroom, **[\$15,000]** \$17,500 per family unit with one bedroom, **[\$18,000]** \$20,500 per family unit with two bedrooms, **[\$22,500]** \$25,000 per family unit with three bedrooms, and **[\$25,500]** \$28,000 per family unit with four or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design: *Provided further*. That the **[Commissioner]** *Secretary* may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed 45 per centum in any geographical area where he finds that cost levels so require. *Provided further*. That in the case of a mortgage of the character described in paragraph (3)

of subsection (a) the mortgage shall involve a principal obligation in an amount not to exceed 90 per centum of the amount which the **[Commissioner]** *Secretary* estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *And provided further*, That upon the sale of a property or project by a mortgagor of the character described in paragraph (3) of subsection (a) to a nonprofit cooperative ownership housing corporation or trust within two years after the completion of such property or project the mortgage given to finance such sale shall involve a principal obligation in an amount not to exceed the maximum amount computed in accordance with this subsection without regard to the preceding proviso.

* * * * *

(j) (1) * * *

(2) To be eligible for insurance under this subsection, a supplementary cooperative loan shall—

(A) be limited to an amount which, when added to the outstanding mortgage indebtedness on the property, creates a total outstanding indebtedness which does not exceed the original principal obligation of the mortgage; *except that, in the case of improvements or additional community facilities, the outstanding indebtedness may be increased by an amount equal to 97 per centum of the amount which the Secretary estimates will be the value of such improvements or facilities, and the new outstanding indebtedness may exceed the original principal obligation of the mortgage if such new outstanding indebtedness does not exceed the limitations imposed by subsection (b);*

(B) have a maturity satisfactory to the **[Commissioner]** *Secretary* but not to exceed the remaining term of the mortgage;

(C) be secured in such manner as the **[Commissioner]** *Secretary* may require;

(D) contain such other terms, conditions, and restrictions as the Commissioner may prescribe; and

(E) represent the obligation of a borrower of the character described in paragraph (1) of subsection (a).

(k) There is hereby created a Cooperative Management Housing Insurance Fund (hereinafter referred to as the "Management Fund"). The Management Fund shall be used by the **[Commissioner]** *Secretary* as a revolving fund for carrying out the provisions of this section with respect to mortgages or loans insured, on or after the date of the enactment of this subsection, under subsections (a)(1), (a)(3) (if the project is acquired by a cooperative corporation), (i), and (j). The Management Fund shall also be used as a revolving fund for mortgages, loans, and commitments transferred to it pursuant to subsection (m). **[The Commissioner is directed to transfer to the Management Fund from the General Insurance Fund established pursuant to section 519 such amount as the Commissioner determines to be necessary and appropriate.]** *The Secretary is directed to transfer to the Management Fund from the General Insurance Fund an amount equal to the total of the premium payments therefore made with respect to*

the insurance of mortgages and loans transferred to the Management Fund pursuant to subsection (m) minus the total of any administrative expenses theretofore incurred in connection with such mortgages and loans, plus such other amounts as the Secretary determines to be necessary and appropriate. General expenses of the operation of the [Federal Housing Administration] *Department of Housing and Urban Development* relating to mortgages or loans which are the obligation of the Management Fund may be charged to the Management Fund.

(1) The [Commissioner] *Secretary* shall establish in the Management Fund, as of the date of the enactment of this subsection, a General Surplus Account and a Participating Reserve Account. The aggregate net income thereafter received or any net loss thereafter sustained by the Management Fund, in any semiannual period, shall be credited or charged to the General Surplus Account or the Participating Reserve Account or both in such manner and amounts as the [Commissioner] *Secretary* may determine to be in accord with sound actuarial and accounting practice. Upon termination of the insurance obligation of the Management Fund by payment of any mortgage or loan insured under this section, and at such time or times prior to such termination as the [Commissioner] *Secretary* may determine, the [Commissioner] *Secretary* is authorized to distribute to the mortgagor or borrower a share of the Participating Reserve Account in such manner and amount as the [Commissioner] *Secretary* shall determine to be equitable and in accordance with sound actuarial and accounting practice: *Provided*, That in no event shall the amount of the distributable share exceed the aggregate scheduled annual premiums of the mortgagor or borrower to the year of payment of the share less the total amount of any share or shares previously distributed by the [Commissioner] *Secretary* to the mortgagor or borrower: *And provided further*, That in no event may a distributable share be distributed until any funds transferred from the General Insurance Fund to the Management Fund [pursuant to subsection (k) or (o)] *pursuant to subsection (o)* have been repaid in full to the General Insurance Fund. No mortgagor, mortgagee, borrower, or lender shall have any vested right in a credit balance in any such account or be subject to any liability arising out of the mutuality of the Management Fund. The determination of the [Commissioner] *Secretary* as to the amount to be paid by him to any mortgagor or borrower shall be final and conclusive.

(m) The [Commissioner] *Secretary* is authorized to transfer to the Management Fund commitments for insurance issued under subsections (a) (1), (i), and (j) prior to the date of the enactment of this subsection, and to transfer to the Management Fund the insurance of any mortgage or loan insured prior to the date of the enactment of this subsection under subsection (a) (1), (a) (3) (if the project is acquired by a cooperative corporation), (i) (or (j)), [but only in cases where the consent of the mortgagee or lender to the transfer is obtained or a request by the mortgagee or lender for the transfer is received by the Commissioner within such period of time after the date of the enactment of this subsection as the Commissioner shall prescribe]: *Provided*, That the insurance of any mortgage or loan shall not be transferred under the provisions of this subsection if on the date of the

enactment of this subsection the mortgage or loan is in default and the mortgagee or lender has notified the [Commissioner] *Secretary* in writing of its intention to file an insurance claim. Any insurance or commitment not so transferred shall continue to be an obligation of the General Insurance Fund.

(n) Notwithstanding the limitations contained in other provisions of this Act, premium charges for mortgages or loans [insured under this section and sections 207, 231, and 232] *the insurance of which is the obligation of either the Management Fund or the General Insurance Fund* may be payable in debentures issued in connection with mortgages or loans transferred to the Management Fund or in connection with mortgages or loans insured pursuant to commitments transferred to the Management Fund, as provided in subsection (m) of this section. *Premium charges on the insurance of mortgages or loans transferred to the Management Fund or insured pursuant to commitments transferred to the Management Fund may be payable in debentures which are the obligation of either the Management Fund or of the General Insurance Fund.*

* * * * *

HOUSING FOR MODERATE INCOME AND DISPLACED FAMILIES

Sec. 221. (a) * * *

* * * * *

(d) To be eligible for insurance under this section, a mortgage shall—

(1) * * *

(2) be secured by property upon which there is located a dwelling conforming to applicable standards prescribed by the [Commissioner] *Secretary* under subsection (f) of this section, and meeting the requirements of all State laws, or local ordinances or regulations, relating to the public health or safety, zoning, or otherwise, which may be applicable thereto, and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the [Commissioner] *Secretary* shall approve) in an amount (A) not to exceed (i) [~~\$11,000~~] *\$12,500* in the case of a property upon which there is located a dwelling designed principally for a single-family residence, (ii) [~~\$18,000~~] *\$20,000* in the case of a property upon which there is located a dwelling designed principally for a two-family residence, (iii) *\$27,000* in the case of a property upon which there is located a dwelling designed principally for a three-family residence, or (iv) *\$33,000* in the case of a property upon which there is located a dwelling designed principally for a four-family residence; *Provided*, That a mortgage secured by property upon which there is located a dwelling designed principally for a two-, three-, or four-family residence shall not be insured under this section except in the case of a dwelling for occupancy by a family displaced from an urban renewal area or as a result of governmental action:

Provided further, That the **【Commissioner】 Secretary** may increase the foregoing amounts to not to exceed \$15,000, \$25,000, \$32,000, and \$38,000, respectively, in any geographical area where he finds that cost levels so require; and (B) not to exceed the appraised value of the property (as of the date the mortgage is accepted for insurance) : *Provided*, That (i) if the mortgagor is the owner and an occupant of the property at the time of insurance, (1) in the case of a family displaced from an urban renewal area or as a result of Government action, he shall have paid on account of the property at least \$200 in the case of a single-family dwelling, \$400 in the case of a two-family dwelling, \$600 in the case of a three-family dwelling, and \$800 in the case of a four-family dwelling, or (2) in the case of any other family, he shall have paid on account of the property at least 3 per centum of the **【Commissioner's】 Secretary's** estimate of its acquisition cost; which amount in either instance may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses; or (ii) in the case of repair and rehabilitation, the amount of the mortgage shall not exceed the sum of the estimated cost of repair and rehabilitation and the **【Commissioner's】 Secretary's** estimate of the value of the property before repair and rehabilitation, except that in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the **【Commissioner】 Secretary** required to refinance existing indebtedness secured by the property: *Provided further*, That nothing contained herein shall preclude the **【Commissioner】 Secretary** from issuing a commitment to insure, and insuring a mortgage pursuant thereto, where the mortgagor is not the owner and an occupant of the property, if the property is to be built or acquired and repaired or rehabilitated for sale, and the insured mortgage financing is required to facilitate the construction, or the repair or rehabilitation, of the dwelling and to provide financing pending the subsequent sale thereof to a qualified owner who is also an occupant thereof, but in such instances the mortgage shall not exceed 85 per centum of the appraised value; or

* * * * *

(f) The property or project shall comply with such standards and conditions as the **【Commissioner】 Secretary** may prescribe to establish the acceptability of such property for mortgage insurance and may include such commercial and community facilities as the **【Commissioner】 Secretary** deems adequate to serve the occupants. A property or project covered by a mortgage insured under the provisions of subsection (d) (3) or (d) (4) shall include five or more family units. The **【Commissioner】 Secretary** is authorized to adopt such procedures and requirements as he determines are desirable to assure that the dwelling accommodations provided under this section are available to families displaced from urban renewal areas or as a result of governmental action. Notwithstanding any provision of this Act, the **【Commissioner】 Secretary**, in order to assist further the provision of housing

for low and moderate income families, in his discretion and under such conditions as he may prescribe, may insure a mortgage which meets the requirements of subsection (d) (3) of this section as in effect after the date of enactment of the Housing Act of 1961, *or which meet the requirements of subsection (h)*, with no premium charge, with a reduced premium charge, or with a premium charge for such period or periods during the time the insurance is in effect as the [Commissioner] *Secretary* may determine, and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to reimburse the General Insurance Fund for any net losses in connection with such insurance. No mortgage shall be insured under this section after October 1, 1969, except pursuant to a commitment to insure before that date, or except a mortgage covering property which the [Commissioner] *Secretary* finds will assist in the provision of housing for families displaced from urban renewal areas or as a result of governmental action. Any person who is sixty-two years of age or over, or who is a handicapped person within the meaning of section 202 of the Housing Act of 1959, shall be deemed to be a family within the meaning of the terms "family" and "families" as those terms are used in this section.

(g) The mortgage shall be entitled to receive the benefits of the insurance as hereinafter provided—

(1) as to mortgages meeting the requirements of paragraph (2) of subsection (d) of this section *or paragraph (5) of subsection (h) of this section*, as provided in section 204(a) of this Act with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 of this Act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgages Insurance Fund or the Fund shall be construed to refer to the General Insurance Fund and all references therein to section 203 shall be construed to refer to this section; or

(2) as to mortgages meeting the requirements of paragraph (3) or (4) of subsection (d) of this section *or paragraph (1) of subsection (h) of this section*, as provided in section 207(g) of this Act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this Act shall be applicable to such mortgages insured under this section; or

* * * * *

(h) (1) *In addition to mortgages insured under the other provisions of this section, the Secretary is authorized, upon application by the mortgagee, to insure under this subsection as hereinafter provided any mortgage (including advances under such mortgage during rehabilitation) which is executed by a nonprofit organization to finance the purchase and rehabilitation of deteriorating or substandard housing for subsequent resale to low-income home purchasers and, upon such terms and conditions as the Secretary may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.*

(2) *To be eligible for insurance under paragraph (1) of this subsection, a mortgage shall—*

(A) be executed by a private nonprofit corporation or association approved for purposes of this subsection by the Secretary, for the purpose of financing the purchase of property (comprising one or more tracts or parcels, whether or not contiguous) upon which there is located deteriorating or substandard housing consisting of five or more single-family dwellings of detached, semi-detached, or row construction and of rehabilitating such dwellings with a view to subsequent resale as hereinafter provided;

(B) be secured by the property which is to be purchased and rehabilitated with the proceeds thereof;

(C) be in a principal amount not exceeding the appraised value of the property at the time of its purchase under the mortgage plus the estimated cost of the rehabilitation;

(D) bear interest (exclusive of premium charges for insurance and service charge, if any) at the rate in effect under the proviso in subsection (d) (5) at the time of execution;

(E) provide for complete amortization (subject to paragraph (5) (E)) by periodic payments within such term as the Secretary may prescribe; and

(F) provide for the release of individual single-family dwellings from the lien of the mortgage upon the sale of the rehabilitated dwellings in accordance with paragraph (5).

(3) No mortgage shall be insured under paragraph (1) unless the mortgagor shall have demonstrated to the satisfaction of the Secretary that (A) the property to be rehabilitated is located in a neighborhood which is sufficiently stable and contains sufficient public facilities and amenities to support long-term values, or (B) the rehabilitation to be carried out by the mortgagor plus its related activities and the activities of other owners of housing in the neighborhood, together with actions to be taken by public authorities, will be of such scope and quality as to give reasonable promise that a stable environment will be created in the neighborhood.

(4) The aggregate principal balance of all mortgages insured under paragraph (1) and outstanding at any one time shall not exceed \$20,000,000.

(5) (A) No mortgage shall be insured under paragraph (1) unless the mortgagor enters into an agreement (in form and substance satisfactory to the Secretary) that it will offer to sell the dwellings involved, upon completion of their rehabilitation, to individuals or families (hereinafter referred to as "low-income purchasers") determined by the Secretary to have incomes below the maximum amount specified (with respect to the area involved) in section 101(c) (1) of the Housing and Urban Development Act of 1965.

(B) The Secretary is authorized to insure under this paragraph mortgages executed to finance the sale of individual dwellings to low-income purchasers as provided in subparagraph (A). Any such mortgage shall—

(i) be in a principal amount equal to that portion of the unpaid balance of the principal mortgage covering the property (insured under paragraph (1)) which is allocable to the individual dwelling involved; and

(ii) bear interest at the same rate as the principal mortgage, and provide for complete amortization by periodic payments

within a term equal to the remaining term (determined without regard to subparagraph (E)) of such principal mortgage.

(C) The price for which any individual dwelling is sold to a low-income purchaser under this paragraph shall be the amount of the mortgage covering the sale as determined under subparagraph (B), except that the purchaser shall in addition thereto be required to pay on account of the property at the time of purchase such amount (which shall not be less than \$200, but which may be applied in whole or in part toward closing costs) as the Secretary may determine to be reasonable and appropriate in the circumstances.

(D) Upon the sale under this paragraph of any individual dwelling, such dwelling shall be released from the lien of the principal mortgage, and such mortgage shall thereupon be replaced by an individual mortgage insured under this paragraph to the extent of the portion of its unpaid balance which is allocable to the dwelling covered by such individual mortgage. Until all of the individual dwellings in the property covered by the principal mortgage have been sold, the mortgagor shall hold and operate the dwellings remaining unsold at any given time as though they constituted rental units in a project covered by a mortgage which is insured under subsection (d)(3) (and which receives the benefits of the interest rate provided for in the proviso in subsection (d)(5)).

(E) Upon the sale under this paragraph of all of the individual dwellings in the property covered by the principal mortgage, and the release of all individual dwellings from the lien of the principal mortgage, the insurance of the principal mortgage shall be terminated and no adjusted premium charge shall be charged by the Secretary upon such termination.

(F) Any mortgage insured under this paragraph shall contain a provision that if the low-income mortgagor does not continue to occupy the property, the interest rate shall increase to the highest rate permissible under this section and the regulations of the Secretary effective at the time of commitment for insurance of the principal mortgage; except that the increase in interest rate shall not be applicable if the property is sold and the purchaser is (i) the nonprofit organization which executed the principal mortgage, (ii) a public housing agency having jurisdiction under the United States Housing Act of 1937 over the area where the dwelling is located, or (iii) a low-income purchaser approved for the purposes of this paragraph by the Secretary.

* * * * *

BUILDER'S COST CERTIFICATION

SEC. 227. Notwithstanding any other provisions of this Act, no mortgage covering new or rehabilitated multifamily housing or a property or project described in title XI shall be insured under this Act unless the mortgagor has agreed (a) to certify, upon completion of the physical improvements on the mortgaged property or project and prior to final endorsement of the mortgage, either (i) that the approved percentage of actual cost (as those terms are herein defined) equaled or exceeded the proceeds of the mortgage loan or (ii) the

amount by which the proceeds of the mortgage loan exceeded such approved percentage of actual cost, as the case may be, and (b) to pay forthwith to the mortgagee, for application to the reduction of the principal obligation of such mortgage, the amount, if any, certified to be in excess of such approved percentage of actual cost. Upon the [Commissioner's] *Secretary's* approval of the mortgagor's certification as required hereunder, such certification shall be final and incontestable, except for fraud or material misrepresentation on the part of the mortgagor. As used in this section—

(a) The term "new or rehabilitated multifamily housing" means a project or property approved for mortgage insurance prior to the construction or the repair and rehabilitation involved and covered by a mortgage insured or to be insured (i) under section 207, (ii) under section 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) thereof or with respect to any property or project of a mortgagor of the character described in paragraph (3) of subsection (a) thereof, (iii) under section 220 if the mortgage meets the requirements of paragraph (3)(B) of subsection (d) thereof, (iv) under section 221 if the mortgage meets the requirements of paragraph (3) or paragraph (4) of subsection (d) thereof, (v) under section 231, (vi) under section 233 if the mortgage meets the requirements of [subsection (b)(2)] *subsection (b)*, (vii) under section 810 if the mortgage meets the requirements of subsection (f), or (viii) under section 234(d);

* * * * *

TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

* * * * *

CREATION OF ASSOCIATION

SEC. 302. (a) * * *

(b) For the purposes set forth in section 301 and subject to the limitations and restrictions of this title, the Association is authorized, pursuant to commitments or otherwise, to purchase, lend (under section 304) on the security of, service, sell, or otherwise deal in any mortgages which are insured under the National Housing Act or title V of the Housing Act of 1949, or which are insured or guaranteed under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code: *Provided*, That (1) no mortgage may be purchased at a price exceeding 100 per centum of the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items; (2) the Association may not purchase any mortgage, except a mortgage insured under title V of the Housing Act of 1949, if it is offered by, or covers property held by, a State, territorial, or municipal instrumentality; and (3) the Association may not purchase any mortgage under section 305, except a mortgage insured under section 220 or title VIII, or under title X with respect to a new

community approved under section 1004 thereof, or insured under section 213 and covering property located in an urban renewal area, or a mortgage covering property located in Alaska, Guam, or Hawaii, if the original principal obligation thereof exceeds or exceeded \$17,500 for each family residence or dwelling unit covered by the mortgage (plus an additional \$2,500 for each such family residence or dwelling unit which has four or more bedrooms). Notwithstanding the provisions of clause (3) in the preceding sentence, the Association may purchase a mortgage under section 305 with an original principal obligation that exceeds \$17,500 per dwelling unit if the mortgage (1) is a below-market interest rate mortgage insured under section 221(d)(3), and (2) covers property which has the benefit of local tax abatement in an amount determined by the **[Federal Housing Commissioner]** *Secretary of Housing and Urban Development* to be sufficient to make possible rentals not in excess of those that would be approved by the **[Commissioner]** *Secretary* if the mortgage amount did not exceed \$17,500 per dwelling unit and if local tax abatement were not provided. For the purposes of this title, the terms "mortgages" and "home mortgages" shall be inclusive of any mortgages or other loans insured under any of the provisions of the National Housing Act or title V of the Housing Act of 1949.

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SPECIAL ASSISTANCE FUNCTIONS

Sec. 305. (a) * * *

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(e) Notwithstanding any other provision of this Act, the Association is authorized to enter into advance commitment contracts and purchase transactions which do not exceed \$200,000,000 outstanding at any one time, if such commitments or transactions relate to mortgages with respect to which the **[Federal Housing Commissioner]** *Secretary of Housing and Urban Development* shall have issued pursuant to section 213 either a commitment to insure or a statement of eligibility; but such commitments in any one State shall not exceed \$20,000,000 outstanding at any one time: *Provided*, That (1) of the total amount of advance commitment contracts and purchase transactions authorized by this subsection, the amount of \$50,000,000 shall be available solely for commitments or purchases of mortgages where the management or sales-type cooperative involved is certified by the **[Federal Housing Commissioner]** *Secretary of Housing and Urban Development* as a consumer cooperative, and (2) of the commitments in any one State, not more than \$15,000,000 shall be outstanding at any one time for mortgages with respect to cooperative projects which are not of the type described in clause (1) of this proviso. On and after the date of enactment of the Housing Act of 1959, the Association is authorized to enter into advance commitment contracts and purchase transactions (in addition to those authorized by the preceding sentence) relating to mortgages with respect to which the **[Federal Housing Commissioner]** *Secretary of Housing and Urban Development*

shall have issued pursuant to section 213 a commitment to insure or a statement of eligibility, without regard to any of the limitations contained in the preceding sentence; except that the total amount of the additional advance commitment contracts and purchase transactions authorized by this sentence which may be outstanding at any one time shall not exceed \$25,000,000, of which the amount of \$12,500,000 shall be available solely for commitments or purchases of mortgages where the management or sales-type cooperative involved is certified by the **[Federal Housing Commissioner]** *Secretary of Housing and Urban Development* as a consumer cooperative and the amount of \$12,500,000 shall be available solely for commitments or purchases of mortgages where the cooperative involved is a builder-sponsor cooperative. Without regard to any of the limitations of this subsection except the total amount of authorizations available, the Association is authorized to enter into advance commitment contracts and purchase transactions on **[supplementing]** *supplementary* cooperative loans with respect to which the **[Federal Housing Commissioner]** *Secretary of Housing and Urban Development* shall have issued, pursuant to section 213(j), either a commitment to insure or a statement of eligibility; but such commitments and purchases shall be made solely where there is a management-type cooperative involved which is certified by the **[Federal Housing Commissioner]** *Secretary of Housing and Urban Development* as a consumer cooperative.

* * * * *

(h) Notwithstanding clause (2) of section 302(b) and any provision of this Act which is inconsistent with this subsection, the Association is authorized (subject to Presidential action as provided in subsection (a), as limited by subsection (c)) to purchase pursuant to commitments or otherwise, and to service, sell, or otherwise deal in, mortgages insured under the provision of **[section 221(d)(3)]** *sections 221 (d) (3) and 221 (h)* of this Act.

(i) *In any case where the Association makes a commitment to purchase under this section a mortgage insured under section 213, or a mortgage executed by a cooperative or a private nonprofit corporation or association and insured under section 221(d)(3), such commitment may provide for participation by the Association in the making of insured advances on the mortgage during construction. Such participation shall be limited to 95 per centum of the amount of each of the advances involved, and the mortgagee providing the balance of such amount shall perform all necessary servicing and processing of such advances until the final insurance endorsement of the mortgage.*

* * * * *

BOARD OF DIRECTORS

SEC. 308. **[a]** The Association shall have a Board of Directors consisting of five persons, one of whom shall be the **[Housing and Home Finance Administrator]** *Secretary of Housing and Urban Development* as Chairman of the Board, and four of whom shall be appointed by **[said Administrator]** *the Secretary* from among the officers or

employees of the Association, of the immediate office of [said Administrator] *the Secretary*, or (with the consent of the head of such department or agency) of any other department or agency of the Federal Government. The board of directors shall meet at the call of its chairman, who shall require it to meet not less often than once each month. Within the limitations of law, the board shall determine the general policies which shall govern the operations of the Association. The chairman of the board shall select and effect the appointment of qualified persons to fill the offices of president and vice president, and such other offices as may be provided for in the bylaws, with such executive functions, powers, and duties as may be prescribed by the bylaws or by the board of directors, and such persons shall be the executive officers of the Association and shall discharge all such executive functions, powers, and duties. The members of the board, as such, shall not receive compensation for their services.

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TITLE V—MISCELLANEOUS

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PENALTIES

SEC. 512. Notwithstanding any other provision of law, the [Commissioner] *Secretary* is authorized to refuse the benefits of participation (either directly as an insured lender or as a borrower, or indirectly as a builder, contractor, or dealer, or salesman or sales agent for a builder, contractor or dealer) under title I, II, VI, VII, VIII, [or IX] IX, X, or XI of this Act to any person or firm (including but not limited to any individual, partnership, association, trust, or corporation) if the [Commissioner] *Secretary* has determined that such person or firm (1) has knowingly or willfully violated any provision of this Act or of title III of the Servicemen's Readjustment Act of 1944, as amended, or of chapter 37 of title 38, United States Code, or of any regulation issued by the [Commissioner] *Secretary* under this Act or by the Administrator of Veterans' Affairs under said title III, or chapter 37, or (2) has, in connection with any construction, alteration, repair or improvement work financed with assistance under this Act or under said title III, or chapter 37, or in connection with contracts or financing relating to such work, violated any Federal or State penal statute, or (3) has failed materially to properly carry out contractual obligations with respect to the completion of construction, alteration, repair, or improvement work financed with assistance under this Act or under title III of the Servicemen's Readjustment Act of 1944, as amended, or of chapter 37 of title 38, United States Code. Before any such determination is made any person or firm with respect to whom such a determination is proposed shall be notified in writing by the [Commissioner] *Secretary* and shall be entitled, upon making a written request to the [Commissioner] *Secretary* to a written notice specifying charges in reasonable detail and an opportunity to be heard and to be represented by counsel. Determinations made by the [Commis-

sioner] *Secretary* under this section shall be based on the preponderance of the evidence. For the purposes of compliance with this section the [Commissioner] *Secretary's* notice of a proposed determination under this section shall be considered to have been received by the interested person or firm if the notice is properly mailed to the last known address of such person or firm.

* * * * *

WAIVER OF DEDUCTION ON ASSIGNMENT OF PROPERTY TO SECRETARY IN LIEU OF FORECLOSURE

SEC. 523. Notwithstanding any other provision of this Act, from and after the date of the enactment of the Housing and Urban Development Act of 1966, the Secretary, under such terms and conditions as he may approve, may waive all or a part of the 1 per centum deduction otherwise made from insurance benefits with respect to multifamily housing or land development mortgages assigned to him, where the assignment is made at his request in lieu of foreclosure of the mortgage.

* * * * *

TITLE VIII—ARMED SERVICES HOUSING MORTGAGE INSURANCE

* * * * *

SEC. 803 (a) In order to assist in relieving the acute shortage and urgent need for family housing which now exists at or in areas adjacent to military installations because of uncertainty as to the permanency of such installations and to increase the supply of necessary family housing accommodations for personnel at such installations, the [Commissioner] *Secretary* is authorized, upon application of the mortgagee, to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided, and, upon such terms as the [Commissioner] *Secretary* may prescribe, to make commitments for so insuring such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the aggregate amount of principal obligations of all mortgages insured under this title (except mortgages insured pursuant to the provisions of this title in effect prior to the enactment of the Housing Amendments of 1955) shall not exceed [\$2,300,000,000] \$3,350,000,000: *And provided further*, that the limitation in section 217 of this Act shall not apply to this title: *And provided further*, That no more mortgages shall be insured under this section after [October 1, 1962] October 1, 1969, except pursuant to a commitment to insure before such date, and not more than [twenty-eight thousand] eighty-eight thousand family housing units shall be contracted for after June 30, 1959, pursuant to any mortgage insured under this section after such date.

(b) To be eligible for insurance under this title a mortgage shall meet the following conditions:

(1) The mortgaged property shall be held by a mortgagor approved by the [Commissioner] *Secretary*. The [Commissioner] *Sec-*

retary may, in his discretion, require such mortgagor to be regulated or restricted as to capital structure, and methods of operation. The **[Commissioner]** *Secretary* may make such contracts with, and acquire for not to exceed \$100 stock or interest in, any such mortgagor, as the **[Commissioner]** *Secretary* may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of the General Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the **[Commissioner]** *Secretary* under the insurance.

(2) The mortgaged property shall be designed for use for residential purposes by personnel of the armed services and situated at or near a military installation, and the **[Secretary or his designee]** *Secretary of Defense or his designee* shall have certified that there is no intention, so far as can reasonably be foreseen, to substantially curtail the personnel assigned or to be assigned to such installation, and (i) shall have determined that for reasons of safety, security, or other essential military requirements, it is necessary that the personnel involved reside in public quarters (*Provided, however, That for the purposes of this subsection housing covered by a mortgage insured, or for which a commitment to insure has been issued under section 803 prior to the enactment of the "Housing Amendments of 1955" may be considered the same as available quarters*), and (ii) with the approval of the **[Commissioner]** *Secretary*, shall have determined that adequate housing is not available for such personnel at reasonable rentals within reasonable commuting distance of the installation and that the mortgaged property will not, so far as can reasonably be foreseen, substantially curtail occupancy in existing housing covered by mortgages insured under this Act. The housing accommodations shall comply with such standards and conditions as the **[Commissioner]** *Secretary* may prescribe to establish the acceptability of such property for mortgage insurance, except that the certification of the Secretary of Defense or his designee shall (for purposes of mortgage insurance under this title) be conclusive evidence to the **[Commissioner]** *Secretary* of the existence of the need for such housing. However, if the **[Commissioner]** *Secretary* does not concur in the housing needs as **[certified by the Secretary]** *certified by the Secretary of Defense*, the **[Commissioner]** *Secretary* may **[require the Secretary]** *require the Secretary of Defense* to guarantee the General Insurance Fund against loss with respect to the mortgage covering such housing. The **[Commissioner]** *Secretary* shall report to the Committees on Banking and Currency of the Senate and the House of Representatives each instance in which he has required the **[Secretary to guarantee]** *Secretary of Defense to guarantee* the General Insurance Fund, with reasons therefor. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guaranty.

(3) The mortgage shall involve a principal obligation in an amount—

(A) not to exceed the amount which the **[Commissioner]** *Secretary* estimates will be the replacement cost of the property or project when the proposed improvements are completed (the cost of the property or project as such term is used in this paragraph may include the cost of the land, the physical improvements, and utilities within the boundaries of the property or project) ;

(B) not to exceed an average of ~~[\$16,500]~~ \$17,500 per family unit for such part of such property or project (including ranges, refrigerators, shades, screens, and fixtures) as may be attributable to dwelling use: *Provided*, That the replacement cost of the property or project as determined by the ~~[Commissioner]~~ *Secretary*, including the estimated value of any usable utilities within the boundaries of the property or project where owned by the United States and not provided for out of the proceeds of the mortgage, shall not exceed an average of ~~[\$16,500]~~ \$17,500 per family unit: *Provided further*, That should the financing of housing to be constructed pursuant to a single invitation for bids be accomplished by two or more mortgages, the principal obligation of any single mortgage may exceed an average of ~~[\$16,500]~~ \$17,500 per family unit if the sum of the principal obligations of all mortgages for such housing does not exceed an average of ~~[\$16,500]~~ \$17,500 per family unit: *And provided further*, That subject to the limitations of this paragraph no family unit included in any mortgaged property shall be contracted for after the date of enactment of the Military Construction Act of 1960 if the cost of such unit exceeds \$19,800; and

(C) not to exceed the bid of the eligible bidder with respect to the property or project under section 403 of the Housing Amendments of 1955.

The mortgage shall provide for complete amortization by periodic payments within such terms as the ~~[Commissioner]~~ *Secretary* shall prescribe, but not to exceed thirty years from the beginning of amortization of the mortgage, and shall bear interest (exclusive of premium charges for insurance) at not to exceed ~~[4½ per centum]~~ 5½ *per centum* per annum of the amount of the principal obligation outstanding at any time. The ~~[Commissioner]~~ *Secretary* may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release. The property or project may include such nondwelling facilities as the ~~[Commissioner]~~ *Secretary* deems adequate to serve the occupants.

* * * * *

TITLE X—MORTGAGE INSURANCE FOR LAND DEVELOPMENT

DEFINITIONS

SEC. 1001. As used in this title—

* * * * *

(c) the terms “*mortgage*”, “*mortgagor*”, and “*State*” have the same meaning as in section 207 of this Act;

* * * * *

BASIC CONDITIONS FOR INSURANCE

SEC. 1002. (a) * * *

* * * * *

(c) The principal obligation of the mortgage shall (1) not exceed 75 per centum of the [Commissioner's] *Secretary's* estimate of the value of the property upon completion of the land development, and (2) not exceed the sum of 50 per centum of the [Commissioner's] *Secretary's* estimate of the value of the land before development and 90 per centum of his estimate of the cost of such development. The outstanding principal obligations of mortgages involving a single land development undertaking, as defined by the [Commissioner] *Secretary*, shall at no time exceed [\\$10,000,000] *\\$25,000,000*.

(d) The mortgage shall—

(1) [have a maturity not to exceed seven years or such longer maturity as the Commissioner deems reasonable in the case of a privately owned system for water or sewerage, and contain repayment provisions satisfactory to the [Commissioner] *Secretary*;
contain repayment provisions satisfactory to the Secretary and have a maturity not to exceed seven years, or such longer maturity as the Secretary deems reasonable (A) in the case of a privately owned system for water or sewerage, and (B) in the case of a new community approved under section 1004;

(2) bear interest at a rate satisfactory to the [Commissioner] *Secretary*, and such interest shall be exclusive of premium charges for mortgage insurance and such service charges and fees as may be approved by the [Commissioner] *Secretary*; and

(3) contain such terms and provisions with respect to protection of the security, payment of taxes, delinquency charges, prepayment, additional and secondary liens, and other matters as the [Commissioner] *Secretary* may in his discretion prescribe.

* * * * *

LAND PLANNING

Sec. 1003. * * *

NEW COMMUNITIES

SEC. 1004. (a) *New communities consisting of developments, satisfying all other requirements under this title, may be approved under this section by the Secretary for mortgage insurance if they meet the requirements of subsection (b) of this section.*

(b) *A development shall be eligible for approval as a new community if the Secretary determines it will, in view of its size and scope, make a substantial contribution to the sound and economic growth of the area within which it is located in the form of—*

(1) *substantial economies, made possible through large-scale development, in the provision of improved residential sites;*

(2) *adequate housing to be provided for those who would be employed in the community or the surrounding area;*

(3) *maximum accessibility from the new residential sites to industrial or other employment centers and commercial, recreational, and cultural facilities in or near the community; and*

(4) *maximum accessibility to any major central city in the area.*

ENCOURAGEMENT OF SMALL BUILDERS AND MODERATE COST HOUSING

SEC. [1004] 1005. The [Commissioner] *Secretary* shall adopt such requirements as he deems necessary in land development covered by mortgages insured under this title to encourage the maintenance of a diversified local homebuilding industry, broad participation by builders, *particularly small builders*, and the inclusion of a proper balance of housing for families of moderate or low income.

WATER AND SEWERAGE FACILITIES

SEC. [1005] 1006. After development of the land it shall be served by public systems for water and sewerage which are consistent with other existing or prospective systems within the area, except that the [Commissioner] *Secretary* may approve an adequate privately or cooperatively owned system which will be regulated in a manner acceptable to him with respect to user rates and charges, capital structure, methods of operation, rate of return, and conditions and terms of any sale or transfer. *In the case of a new community approved by the Secretary pursuant to section 1004, the land shall be served, after its development, by—*

(a) *public systems for water and sewerage which are consistent with other existing or prospective systems within the area; or*

(b) *existing privately or cooperatively owned systems (including reasonable extensions thereto) which are approved as adequate by the Secretary and are regulated in a manner acceptable to him; or*

(c) *if it is necessary to develop a new system and the Secretary determines that public ownership of such a system is not feasible, an adequate privately or cooperatively owned new system (1) which he finds consistent with other existing or prospective systems within the area; (2) which will be regulated, during the period of such ownership, in a manner acceptable to him with respect to user rates and charges, capital structure, methods of operation, and rate of return; and (3) regarding which he receives assurances, satisfactory to him, with respect to eventual public ownership and operation of the system and with respect to the conditions and terms of any sale or transfer.*

RELEASES

SEC. [1006] 1007. * * *

PREMIUMS AND FEES

SEC. [1007] 1008. * * *

INSURANCE BENEFITS

SEC. [1008] 1009. * * *

INCONTESTABILITY PROVISIONS

SEC. [1009] 1010. * * *

RULES AND REGULATIONS

SEC. [1010] 1011. * * *

TAXATION PROVISIONS

SEC. [1011] 1012. * * *

COST CERTIFICATION

SEC. [1012] 1013. * * *

TITLE XI—MORTGAGE INSURANCE FOR GROUP PRACTICE FACILITIES

INSURANCE OF MORTGAGES

SEC. 1101. (a) *The Secretary is authorized (1) to insure mortgages (including advances on such mortgages during construction), upon such terms and conditions as he may prescribe, in accordance with the provisions of this title, and (2) to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon. No mortgage shall be insured under this title after October 1, 1969, except pursuant to a commitment to insure issued before that date.*

(b) *To be eligible for insurance under this title, the mortgage shall (1) be executed by a mortgagor that is a group practice unit or organization, approved by the Secretary, (2) be made to and held by a mortgagee approved by the Secretary as responsible and able to service the mortgage properly, and (3) cover a property or project which is approved for mortgage insurance prior to the beginning of construction or rehabilitation and is designed for use as a group practice facility which the Secretary finds will be constructed in an economical manner, will not be of elaborate or extravagant design or materials, and will be adequate and suitable for carrying out the purposes of this title. No mortgage shall be insured under this title unless it is shown to the satisfaction of the Secretary that the applicant would be unable to obtain the mortgage loan without such insurance on terms comparable to those specified in subsection (c).*

(c) *The mortgage shall—*

(1) *not exceed \$5,000,000;*

(2) *not exceed 90 per centum of the amount which the Secretary estimates will be the value of the property or project when construction or rehabilitation is completed. The value of the property may include the land and the proposed physical improvements, equipment, utilities within the boundaries of the property, architects' fees, taxes, and interest accruing during construction or rehabilitation, and other miscellaneous charges indident to construction or rehabilitation and approved by the Secretary;*

(3) *have a maturity satisfactory to the Secretary but not to exceed twenty-five years, and provide for complete amortization of the principal obligation by periodic payments within such term as the Secretary shall prescribe; and*

(4) bear interest (exclusive of premium charges for insurance, and service charges if any) at a rate of not to exceed 5 per centum per annum of the amount of the principal obligation outstanding at any time, or not to exceed such rate (not in excess of 6 per centum per annum) as the Secretary finds necessary to meet the mortgage market.

(d) Any contract of insurance executed by the Secretary under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract for insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

(e) Each mortgage insured under this title shall contain an undertaking (in accordance with regulations prescribed under this title and in force at the time the mortgage is approved for insurance) to the effect that, except as authorized by the Secretary and the mortgagee, the property will be used as a group practice facility until the mortgage has been paid in full or the contract of insurance otherwise terminated.

(f) No mortgage shall be insured under this title unless the mortgagor and the mortgagee certify (1) that they will keep such records relating to the mortgage transaction and indebtedness, to the construction of the facility covered by the mortgage, and to the use of such facility as a group practice facility as are prescribed by the Secretary at the time of such certification, (2) that they will make such reports as may from time to time be required by the Secretary pertaining to such matters, and (3) that the Secretary shall have access to and the right to examine and audit such records.

PREMIUMS

SEC. 1102. The Secretary shall fix premium charges for the insurance of mortgages under this title, but such charges shall not be more than 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. In addition to the premium charge, the Secretary is authorized to charge and collect such amounts as he may deem reasonable for the analysis of a proposed project and the appraisal and inspection of the property and improvements. Where the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the Secretary is authorized to require the payment by the mortgagee of an adjusted premium charge. This charge shall be in such amount as the Secretary determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured until the maturity date. Where such prepayment occurs, the Secretary is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid. Premium charges fixed under this section shall be payable by the mortgagee either in cash, or in debentures which are the obligation of the General Insurance Fund at par plus accrued interest, at such times and in such manner as may be prescribed by the Secretary.

PAYMENT OF INSURANCE BENEFITS

SEC. 1103. The mortgagee shall be entitled to receive the benefits of the insurance under this title in the manner provided in subsection (g) of section 207 with respect to mortgages insured under that section. For such purpose the provisions of subsections (g), (h), (i), (j), (k), (l), and (n) of section 207 shall apply to mortgages insured under this title and all references in such subsections to section 207 shall be deemed to refer to this title.

REGULATIONS

SEC. 1104. The Secretary shall prescribe such regulations as may be necessary to carry out this title, after consulting with the Surgeon General of the Public Health Service with respect to any health or medical aspects of the program under this title which may be involved in such regulations.

ADMINISTRATION

SEC. 1105. (a) At the request of individuals or organizations operating or contemplating the operation of group practice facilities (as defined in section 1106(1)), the Secretary may provide or obtain technical assistance in the planning for and construction of such facilities.

(b) With a view to avoiding unnecessary duplication of existing staffs and facilities of the Federal Government, the Secretary is authorized to utilize available services and facilities of any agency of the Federal Government in carrying out the provisions of this title, and to pay for such services and facilities, either in advance or by way of reimbursement, in accordance with an agreement between the Secretary and the head of such agency.

DEFINITIONS

SEC. 1106. For the purposes of this title—

(1) The term "group practice facility" means a facility in a State for the provision of preventive, diagnostic, and treatment services to ambulatory patients (in which patient care is under the professional supervision of persons licensed to practice medicine in the State or, in the case of optometric care or treatment, is under the professional supervision of persons licensed to practice optometry in the State, or, in the case of dental diagnosis or treatment, is under the professional supervision of persons licensed to practice dentistry in the State) and which is primarily for the provision of such health services by a medical or dental group.

(2) The term "medical or dental group" means a partnership or other association or group of persons licensed to practice medicine or surgery in the State, or of persons licensed to practice optometry in the State, or of persons licensed to practice dentistry in the State, or of any combination of such persons, who, as their principal professional activity and as a group responsibility, engage or undertake to engage in the coordinated practice of their profession primarily in one or more group practice facilities, and who (in this connection) share common overhead expenses (if and to the extent such expenses are paid by members of the group), medical and other records, and substantial portions of the equipment and the professional, technical, and administrative

staffs, and which partnership or association or group is composed of at least such professional personnel and make available at least such health services as may be provided in regulations prescribed under this title.

(3) The term "group practice unit or organization" means—

(A) a private nonprofit agency or organization undertaking to provide, directly or through arrangements with a medical or dental group, comprehensive medical care, optometric care, or dental care, or any combination thereof, which may include hospitalization, to members or subscribers primarily on a group practice prepayments basis; or

(B) a private nonprofit agency or organization established for the purpose of improving the availability of medical, optometric, or dental care in the community or having some function or functions related to the provision of such care, which will, through lease or other arrangement, make the group practice facility with respect to which assistance has been requested under this title available to a medical or dental group for use by it.

(4) The term "nonprofit organization" means a corporation, association, foundation, trust, or other organization no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual except, in the case of an organization the purposes of which include the provision of personal health services to its members or subscribers or their dependents under a plan of such organization for the provision of such services to them (which plan may include the provision of other services or insurance benefits to them), through the provision of such health services (or such other services or insurance benefits) to such members or subscribers or dependents under such plan.

(5) The term "State" includes the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the District of Columbia.

(6) The term "mortgage" means a first mortgage on real estate in fee simple, or on the interest of either the lessor or lessee thereof (A) under a lease for not less than ninety-nine years which is renewable, or (B) under a lease having a period of not less than fifty years to run from the date the mortgage was executed. The term "first mortgage" means such classes of first lines as are commonly given to secure advances (including but not limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and any mortgage may be in the form of one or more trust mortgages or mortgage indentures or deeds of trust, securing notes, bonds, or other credit instruments, and, by the same instrument or by a separate instrument, may create a security interest in initial equipment, whether or not attached to the reality.

(7) The term "mortgagee" means the original lender under a mortgage, and his or its successors and assigns, and includes the holders of credit instruments issued under a trust mortgage or deed of trust pursuant to which such holders act by and through a trustee named therein.

(8) The term "mortgagor" means the original borrower under a mortgage and his or its successors and assigns.

UNITED STATES HOUSING ACT OF 1937

* * * * *

SEC. 16. In order to protect labor standards—

(1) * * *

(2) Any contract for loans, annual contributions, capital grants, sale, or lease pursuant to this Act shall contain a provision requiring that not less than the salaries or wages prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Authority, shall be paid to all architects, technical engineers, draftsmen, and technicians, employed in the development and to all maintenance laborers and mechanics employed in the administration of the low-rent housing or slum-clearance project involved; and shall also contain a provision that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (49 Stat. 1011), shall be paid to all laborers and mechanics employed in the development of the project involved (*including a project for the use of privately built housing in any case where the public housing agency and the builder or sponsor enter into an agreement for such use before construction is commenced*), and that each such laborer or mechanic shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be; and the Authority shall require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract.

* * * * *

LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

Sec. 23. (a) * * *

* * * * *

(d) To the extent of contracts for annual contributions entered into by the Authority with a public housing agency under section 10(e), such agency may enter into contracts with the owners of structures containing dwelling units approved under subsection (c) for the use of such units in accordance with this section. Each such contract with an owner shall provide (with respect to any unit) that—

(1) the selection of tenants for such unit shall be the function of the owner, subject to the provisions of the contract between the Authority and the agency;

(2) the rental and other charges to be received by the owner shall be negotiated and agreed to by the agency and the owner, and the rental and other charges to be paid by the tenant shall be determined in accordance with the standards applicable to units in low-rent housing projects assisted under the other provisions of this Act;

(3) the agency shall have the sole right to give notice to vacate, with the owner having the right to make representations to the agency for termination of a tenancy;

(4) maintenance and replacements (including redecoration) shall be in accordance with the standard practice for the building concerned, as established by the owner and agreed to by the agency; and

(5) the agency and the owner shall carry out such other appropriate terms and conditions as may be mutually agreed to by them.

Each contract between a public housing agency and an owner entered into under this subsection shall be for a term of not less than twelve months nor more than thirty-six months (*except that it may be for a term of up to sixty months in any case in which the public housing agency determines that the housing to be leased thereunder is needed for displaced families*), and shall be renewable by such agency and owner at the expiration of such term.

* * * * *

HOUSING ACT OF 1949

* * * * *

TITLE I—SLUM CLEARANCE AND URBAN RENEWAL

* * * * *

CAPITAL GRANTS

SEC. 103. (a) * * *

(b) The [Administrator] Secretary may, with the approval of the President, contract to make grants under this title aggregating not to exceed \$4,700,000,000, which amount shall be increased by \$675,000,000 on the date of the enactment of the Housing and Urban Development Act of 1965, by \$725,000,000 on July 1, 1966, and by \$750,000,000 on July 1 in each of the years 1967 and 1968. *In addition to the authority to make grants provided in the first sentence of this subsection, the Secretary may contract to make grants under this title, or on or after July 1, 1967, in an amount not to exceed \$600,000,000: Provided, That the authority to contract to make grants provided by this sentence shall be exercised only with respect to an urban renewal project which is identified and scheduled to be carried out as one of the projects or activities included within an approved comprehensive city demonstration program assisted under the provisions of section 165(c) of the Housing and Urban Development Act of 1966.* Such grants shall not be used for major long-term capital improvement; shall not exceed two-thirds of the cost, as determined or estimated by the [Administrator] Secretary, of the project for which the grant is made; and shall be subject to such other terms and conditions as he may prescribe. The [Administrator] Secretary is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advance or progress payments on account of any grant contracted to be made pursuant to this section. The faith of the United States is solemnly pledged to the payment of all grants contracted for under this title, and there are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appro-

priated, the amounts necessary to provide for such payments: *Provided*, That any amounts so appropriated shall also be available for repaying to the Secretary of the Treasury, for application to notes of the [Administrator] *Secretary*, the principal amounts of any funds advanced to local public agencies under this title which the [Administrator] *Secretary* determines to be uncollectible because of the termination of activities for which such advances were made, together with the interest paid or accrued to the Secretary of the Treasury (as determined by him) attributable to notes given by the [Administrator] *Secretary* in connection with such advances, but all such repayments shall constitute a charge against the authorization to make contracts for grants contained in this section: *Provided further*, That no such determination of the [Administrator] *Secretary* shall be construed to prejudice the rights of the United States with respect to any such advance.

* * * * *

LOCAL DETERMINATIONS

SEC. 105. Contracts for loans or capital grants shall be made only with a duly authorized local public agency and shall require that—

* * * * *

(f) *All laborers and mechanics employed by contractors or subcontractors in the construction of any multifamily housing (as defined for purposes of this subsection by the Secretary of Housing and Urban Development or his designee) which may be involved in the redevelopment of the urban renewal area, and which is not subject to the provisions of section 212 of the National Housing Act or to other provisions of Federal law imposing similar standards, will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). No contract for loan or capital grant shall be entered into under this title with respect to an urban renewal area whose redevelopment will involve the construction of such housing without first obtaining adequate assurance that the labor standards imposed by the preceding sentence (or, in the case of housing which is subject to the provisions of section 212 of the National Housing Act or to other provisions of Federal law imposing similar standards, the labor standards imposed by such provisions) will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this subsection, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c).*

GENERAL PROVISIONS

SEC. 106. (a) * * *

* * * * *

[(d) Section 3709, as amended, of the Revised Statutes shall not apply to any contract for services or supplies on account of any property acquired pursuant to this title if the amount of such contract does not exceed \$1,000.]

* * * * *

REDEVELOPMENT AREAS UNDER THE AREA REDEVELOPMENT ACT

SEC. 113. (a) Whenever the Secretary of Commerce certifies to the [Administrator] *Secretary* (1) that any county, city, or other municipality (in this section referred to as a "municipality") is situated in an area designated under section 5 of the Area Redevelopment Act (*or under and Act supplementary thereto*) as a redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economy, the [Administrator] *Secretary* is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

* * * * *

(d) Following the execution of any contract for financial assistance under this section with respect to any project, the [Administrator] *Secretary* may exercise the authority vested in him under this section as well as other provisions of this title for the completion of such projects, notwithstanding any determination made after the execution of such contract that the area in which the project is located is no longer a redevelopment area under the Area Redevelopment Act (*or Act supplementary thereto*).

* * * * *

HOUSING ACT OF 1954

* * * * *

TITLE VII—URBAN PLANNING AND RESERVE OF PLANNED PUBLIC WORKS

URBAN PLANNING

SEC. 701. (a) In order to assist State and local governments in solving planning problems resulting from the increasing concentration of population in metropolitan and other urban areas, including smaller communities; to facilitate comprehensive planning for urban development, including coordinated transportation systems, on a continuing basis by such governments; and to encourage such governments to establish and improve planning staffs, the [Administrator] *Secretary* is authorized to make planning grants to—

* * * * *

(3) cities, other municipalities, and counties which (A) are situated in areas designated by the Secretary of Commerce under section 5 of the Area Redevelopment Act (*or under any Act supplementary thereto*) as redevelopment areas or (B) have suffered substantial damage as a result of a catastrophe which the President, pursuant to section 2(a) of "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes" has determined to be a major disaster;

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DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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Issued August 10, 1966
For actions of August 9, 1966
89th-2nd; No. 130

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HIGHLIGHTS: Sen. Proxmire expressed concern that rising prices may hurt school milk program. Rep. Cooley introduced grain standards bill.

SENATE

1. RECREATION. The Interior and Insular Affairs Committee reported with an amendment H. R. 7524, to establish the Oregon Dunes National Seashore (S. Rept. 1437). p. 17813
2. DEMONSTRATION CITIES. The Banking and Currency Committee reported an original bill, S.3708, the demonstration cities and metropolitan development bill (S. Rept. 1439). p. 17813

3. RECLAMATION. Passed as reported S. 553, to consent to the Upper Niobrara River Compact between Wyo. and Nebr. pp. 17819-21
4. WILDLIFE. The Commerce Committee voted to report (but did not actually report) H. R. 9424, to provide for a program of conservation and protection of fish and wildlife threatened with extinction and to consolidate the authorities relating to Interior administration of the national wildlife refuge system. p. D732
5. LANDS. The Commerce Committee voted to report (but did not actually report) S. 476, to increase authorizations for the construction of airports in or in close proximity to national parks, national monuments, and national recreation areas. p. D732
6. CIGARETTE LABELING. Sen. Proxmire was added as a cosponsor of S. 3654, to strengthen the Federal Cigarette Labeling and Advertising Act. p. 17819
7. APPROPRIATIONS. Began debate on H. R. 14921, the independent offices appropriation bill. pp. 17842-78
This bill, as reported (see Digest 127), authorizes 2-year participations in obligations for departments and agencies under the Participation Sales Act, including \$600 million for the Farmers Home Administration. The bill also contains new language creating an indefinite appropriation for payment of participation sales insufficiencies, where payments to the holders of participation certificates exceed the payments received on the loans involved. In addition, the bill includes items for the Office of Emergency Planning, President's disaster relief, Office of Science and Technology, Appalachian Regional Commission, Civil Service Commission, Federal Power Commission, Federal Trade Commission, General Accounting Office, General Services Administration, Interstate Commerce Commission, National Science Foundation, Department of Housing and Urban Development, etc. The committee reduced the estimate for Federal agencies' civil defense and defense mobilization by \$950,000 and said "many of these functions are performed along with the normal functions of the agencies and do not require additional funds."
8. NATIONAL SERVICE. Sen. Javits spoke in favor of establishing a National Service Board to replace the Selective Service System and inserted an article, "The Case for a National Service Corps." pp. 17821-3
9. SCHOOL MILK. Sen. Proxmire expressed concern that rising prices might hurt the school milk program by greatly reducing the amount of milk able to be purchased under the present appropriations bill. p. 17826
10. CONTRACTS. S. Doc. 99, "Operation and Effectiveness of Government Boards of Contract Appeals," is a report which was prepared for the Small Business Committee by Harold C. Petrowitz, an American University professor. The analysis and recommendations do not necessarily reflect the views of Committee members.
11. INFLATION. Sen. Pearson commended and inserted an article, "Why We Must Stop Inflation Now." pp. 17830-2
12. ELECTRIFICATION. Sen. Mundt inserted a letter from the manager of an REA cooperative defending REA cooperatives against Drew Pearson's charges and "inaccuracies." p. 17838

89TH CONGRESS }
2d Session }

SENATE

{ REPORT
{ No. 1439

DEMONSTRATION CITIES AND
METROPOLITAN
DEVELOPMENT ACT OF 1966

R E P O R T

OF THE

COMMITTEE ON
BANKING AND CURRENCY
UNITED STATES SENATE

TO ACCOMPANY

S. 3708

TOGETHER WITH

MINORITY VIEWS



AUGUST 9, 1966.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1966

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DEMONSTRATION CITIES AND METROPOLITAN
DEVELOPMENT ACT OF 1966

AUGUST 9, 1966.—Ordered to be printed

Mr. MUSKIE, from the Committee on Banking and Currency, submitted the following

REPORT
together with
MINORITY VIEWS

[To accompany S. 3708]

The Committee on Banking and Currency, having considered the same, report favorably a committee bill (S. 3708) to assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes, and recommend that the bill do pass.

INTRODUCTION

The Subcommittee on Housing held hearings on April 19, 20, 21, 22, 25, 26, 27, 28, and 29, 1966, to consider approximately 50 bills and amendments relating to the various housing programs and other matters dealing with mortgage finance. Among the bills considered were the proposed Demonstration Cities Act of 1966 and the proposed Urban Development Act. The hearings resulted in a printed record of over 1,200 pages. Subsequently, the subcommittee met in executive session on July 12 and 13 and July 26 and 27 to consider these measures, the testimony received during the hearings, and other matters presented to it in connection with 1966 housing legislation. At the conclusion of these sessions the subcommittee made its recommendations for 1966 housing legislation to the full committee in three separate proposals—Demonstration Cities and Metropolitan Development Act of 1966, amendments to the Urban Mass Transportation Act of 1964, and the Housing and Urban Development Act of 1966. At the executive session on August 3, 1966, the committee considered the subcommittee's recommendations and other proposals, and four original bills were

approved by the committee: FNMA amendments of 1966, Demonstration Cities and Metropolitan Development Act of 1966, amendments to the Urban Mass Transportation Act of 1964, and the Housing and Urban Development Act of 1966.

Despite the numerous Federal programs to help the Nation's cities rebuild and restore slum and blighted areas, the progress has not kept pace with the accelerating problems. Part of the difficulty has been a failure of many cities to take full advantage of available programs and to utilize fully local initiative and resources in conjunction with Federal programs. The other consistent problem has been the shortage of local funds to enable the city to do the kind of comprehensive job needed to clear away the slums, rebuild and restore the area, and provide the services needed to improve the general welfare of the people living in the area. Furthermore, most of the existing Federal housing and urban development programs provide assistance for the physical renewal of the area without sufficient recognition of the necessity for action to improve the welfare of the residents affected by the renewal. The Demonstration Cities and Metropolitan Development Act of 1966 is designed to meet these needs.

WHAT THE BILL WOULD DO

The demonstration cities and metropolitan development bill has three titles—Title I: Comprehensive City Demonstration Programs; title II: Planned Metropolitan Development; and title III: Urban Information and Technical Assistance Services.

All three titles have a consistent purpose of providing additional Federal assistance to help cities and metropolitan areas make effective use of existing housing and urban development programs in order to make more significant progress toward the accomplishment of the national housing policy of a decent home and a suitable living environment for every American family. This would be done by the bill in two ways: (1) Better coordination of existing programs—Federal, State, and local; and (2) additional Federal financial assistance to be used by the locality for activities which supplement existing programs.

Title I of the bill would establish a new city demonstration program of Federal grants and technical assistance to help provide the incentive and the financial means for a city to plan and carry out a program for rebuilding and restoring entire sections or neighborhoods of slum and blight and to improve the general welfare of the people in such areas.

The demonstration city approach places maximum dependence upon the locality and its officials to plan and carry out the program. The Federal Government will help with technical and financial assistance, but it will be limited to those cities presenting imaginative and effective ways of dealing with the physical and social problems of slum and blighted areas.

The financial assistance will be in two forms—planning assistance and program assistance. Planning assistance will be on an 80 percent Federal grant basis with the city making up the other 20 percent of cost. For this purpose the bill authorizes an appropriation of \$12 million a year for each of 2 years, fiscal years 1967 and 1968.

The program assistance would provide supplementary financial aid to cities to carry out activities in addition to those already provided under existing Federal law. The supplementary aid will be computed in each case on a formula related to local contributions to Federal programs involved in the project. Under the committee bill the program assistance for any project would be a maximum of 80 percent of the total non-Federal contributions made on all projects under existing Federal law which are being carried out as part of the city demonstration program. The supplemental grant could not be used to reduce local expenditures on existing projects or activities or to reduce the local effort for similar activities. The bill calls for a 2-year authorization of \$400 million for fiscal 1968 and \$500 million for fiscal 1969. The 2-year authorization is consistent with administration estimates for a 5-year program.

Under this title, the urban renewal grant authority would be increased by \$250 million to be used for projects included within a city demonstration program.

Title II calls for improved coordination of Federal activities in metropolitan areas requires minimum standards of planning and coordination by local governments in such areas, and authorizes supplementary Federal grants to State and local public bodies for metropolitan development projects as incentives for adequate metropolitanwide comprehensive planning and adherence to such planning. The supplementary grant would be authorized only for those metropolitan areas which have met standards for comprehensive planning on a metropolitanwide basis. The grant would be made to the public body sponsoring the metropolitan development project. It would amount to a maximum of 20 percent of the cost of the project. In no case could the total grant (the basic grant plus the supplementary grant) exceed 80 percent of the project cost nor could the supplementary grant exceed the basic grant.

The benefits of this title are for projects in a standard metropolitan statistical area, which is defined by the Bureau of the Budget as the area in and around a city of 50,000 population or more. The projects to be benefited are generally of a public works nature but are listed in detail in the bill. The authorization under the bill is a maximum of \$25 million for fiscal year 1967 and \$50 million for fiscal year 1968.

Title III of the bill is designed to help local communities make better use of Federal urban assistance programs by authorizing Federal grants to States and metropolitan area agencies to help finance information centers and technical assistance centers to serve metropolitan areas and small communities throughout the State. The grant could not exceed 50 percent of the cost of the activity. The bill authorizes an appropriation not to exceed \$5 million for fiscal year 1967 and \$10 million for fiscal year 1968.

MAJOR PROVISIONS OF THE BILL

TITLE I—COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

Title I of the bill would establish a new program of Federal assistance to help cities plan, administer, and carry out coordinated physical and social renewal programs to improve the environment and the general welfare of people living in slum and blighted areas of cities of all sizes in all parts of the country.

THE PROBLEM

The great problems confronting the Nation's cities are well known. Slums and blight are widespread. There are over 7 million homes in urban areas that are run down or deteriorated. More than 3 million do not have adequate plumbing or hot and cold running water. In many of our central cities entire sections and neighborhoods are in need of major surgery to overcome decay.

Increasingly the old, the poor, and the underprivileged are concentrated in these slum and blighted areas of the central city. As slums and blight spread, crime, delinquency, want, and disease follow. While the need for city services grows, the city's ability to provide these services is impaired by the very blight that creates the demand.

More blight, greater demand for city services, decreasing revenues to meet the demand—that is the descending spiral confronting many American cities.

Significantly, the independent efforts of cities to help themselves are in large measure self-defeating. The more determined the city's effort to raise funds to meet the need for increased services, the more likely that effort drives its affluent citizens to the nearby suburbs. Similarly, the greater tax burden the city places on industry within its borders, the less its opportunity to attract and hold the industry and commerce its economy requires. So the city becomes, increasingly, a home for the economically deprived, those least able to bear the cost of municipal services. It is not surprising that the cities with the greatest slum problems often have the least capacity to deal with those problems.

Our cities have made great efforts to cope with their problems. Between 1954 and 1963, municipalities increased their tax revenues by 43 percent, and local government indebtedness increased by 119 percent. With the limited sources of revenue available to them, the cities have waged a heroic battle against problems which are overwhelming them.

But resources needed to solve the problems of slum and blight, ignorance and disease, poverty and despair, crime and delinquency, cannot come from city taxes alone. We must bring to bear national resources. The city plays a critical role in American life. The suc-

cess of the city in providing the physical and social framework through which millions of poor and disadvantaged Americans are prepared to participate fully in the Nation's life is a vital national concern.

We have a long tradition of Federal assistance to our cities. Initially this assistance emphasized physical renewal. Gradually we have learned that physical renewal alone cannot eliminate the hard-core causes of urban poverty and blight. In recent years Congress has developed programs of social renewal and imaginative new approaches to the problems of poverty, disease, ignorance, and despair. But these programs have not been coordinated adequately.

By means of the comprehensive city demonstration programs authorized by title I of this bill, Federal programs of physical and social assistance to our cities can be meshed and coordinated in a comprehensive effort. Through a comprehensive city demonstration program the full arsenal of existing Federal grant-in-aid programs can be brought to bear on urban problems. This should make possible an interaction and focusing of existing Federal grant-in-aid programs which heretofore has been sadly lacking.

Title I of the committee bill reported to the Senate is designed to carry out President Johnson's recommendations for city demonstration programs expressed in his message of January 26, 1966. The bill reported by the committee places additional emphasis on local initiative in developing new and imaginative ways of dealing with the physical and social problems of slum and blighted areas. The bill reported by the committee also stresses the need for cooperation and coordination by Federal departments and agencies in the administration of comprehensive city demonstration programs.

In addition, the bill reported by the committee has considerably tightened the grant formula in the demonstration program to insure that (1) the base for the supplemental grants authorized by the bill will not be distorted by the use of irrelevant projects, (2) supplemental grant funds provided will not be dissipated on projects not essential to the program, (3) supplemental grants will not be used to replace local contributions which had been committed to Federal grant-in-aid projects before application for assistance to plan a comprehensive demonstration program was filed, and (4) supplemental grants will not be used for general administration costs of the city.

In his message to the Congress recommending the demonstration cities program, the President said:

From the experience of three decades, it is clear to me that American cities require a program that will—

Concentrate our available resources—in planning tools, in housing construction, in job training, in health facilities, in recreation, in welfare programs, in education—to improve the conditions of life in urban areas.

Join together all available talent and skills in a coordinated effort.

Mobilize local leadership and private initiative, so that local citizens will determine the shape of their new city * * *.

The demonstration cities program authorized by title I of the bill would make it possible for cities of all sizes, and in all sections of the country, to undertake such a program.

COMPREHENSIVE CITY DEMONSTRATION PROGRAM

A "comprehensive city demonstration program" is a locally prepared and scheduled program for rebuilding or restoring entire sections and neighborhoods of slum and blighted areas by the concentrated and coordinated use of all available Federal aids together with local private and governmental resources. It will include citywide aids and resources necessary to improve the general welfare of the people living or working in these areas. It will make it possible to treat the social needs of people in the slums in conjunction with physical rehabilitation.

This is to be a local program, planned and carried out by local people, and based on local judgment as to the city's needs and its order of priorities in meeting these needs.

The assistance provided by title I of the bill would help cities of all sizes and in all sections of the country to plan, develop, and carry out such comprehensive city demonstration programs. It would provide funds needed for the city to participate in existing Federal assistance programs. It would encourage the cities to focus and coordinate projects and activities for which assistance is now available under existing Federal programs with other public and private actions to provide the most effective and economic concentration of Federal, State, local, and private efforts to improve the quality of urban life.

FEDERAL ASSISTANCE PROVIDED

Federal funds would cover up to 80 percent of the cost of planning and developing comprehensive city demonstration programs. Federal grants would also pay up to 80 percent of the cost of administering every project or activity which is included as part of these programs (but not the cost of administering any project or activity for which Federal financial assistance is provided under an existing grant-in-aid program).

In addition, two types of Federal assistance would be available to help finance projects or activities that are included as part of an approved comprehensive city demonstration program.

First, to the extent such projects or activities are eligible for assistance under an existing Federal grant-in-aid program, they may be financed under that program. This bill contemplates that existing Federal grant-in-aid programs—and funds now available for those programs—will be utilized, where feasible, in carrying out projects or activities that, though part of a comprehensive city demonstration program, are eligible for assistance under existing grant-in-aid programs.

It is expected that the demonstration cities program will stimulate a new and sharper focusing of activities assisted under existing grant-in-aid programs and far greater coordination in their use. More effective use of existing grant-in-aid programs by cities is a key goal of the demonstration cities program.

The fact that a particular project or activity, eligible for assistance under an existing Federal grant-in-aid program, is undertaken as part

of a comprehensive city demonstration program will in no way affect its eligibility requirements for assistance under the existing grant-in-aid program. The city will apply to the agency which administers the grant-in-aid program and the application will be subject to all the existing rules, regulations, and priorities governing that grant-in-aid program.

Second, special grants, supplementing the assistance available under existing grant-in-aid programs, would be provided under the demonstration cities program to—

- (1) Provide funds to carry out new and additional projects or activities that are part of the demonstration program and for which no assistance is presently available under Federal grant-in-aid programs, and

- (2) To the extent that these special grants are not needed to support such new and additional projects and activities, they may be used to assist cities to provide their required share of the cost of projects or activities that are part of the demonstration program and are funded under existing Federal grant-in-aid programs.

The amount of this special—supplemental—demonstration cities grant would be up to 80 percent of the total non-Federal contributions required to be made to all projects or activities assisted by existing Federal grant-in-aid programs which are carried out as part of a comprehensive city demonstration program.

The required non-Federal contribution to every project or activity carried out in connection with an approved comprehensive city demonstration program, and funded under an existing Federal grant-in-aid program, would serve as a base for computing the special supplemental grant under the demonstration cities program. It does not matter whether or not the Federal commitment to assist in financing the particular project or activity under an existing grant-in-aid program occurred sometime before the comprehensive city demonstration program is approved. So long as the activity financed by the existing grant-in-aid program is closely related to the physical and social problems in the area or areas of the city covered by the demonstration program and can reasonably be expected to have a noticeable effect upon such problems, and is carried out in connection with the approved city demonstration program, the non-Federal contribution to that project or activity can serve as a base for the grant computed under the demonstration cities program.

The bill would require that the specific amount of any grant take into account the number and intensity of the economic and social pressures in the sections or neighborhoods involved—such as those involving or resulting from population density, poverty levels, unemployment rate, public welfare participation, educational levels, health and disease characteristics, crime and delinquency rate, and degree of substandard and dilapidated housing.

As in other Federal grant programs, advance payments of the amount of the grant could be made to finance the activities for which the grant is to be provided.

USE OF SUPPLEMENTAL GRANT PROVIDED FOR DEMONSTRATION PROGRAMS

The supplemental grant funds authorized to be paid to comprehensive city demonstration programs are not “earmarked” for any one

specific project or activity carried out as part of the demonstration program. After the amount of the supplemental grant funds available to the city is established under the formula in the bill, the total amount will be available to the city to be used to assist those projects and activities included within the comprehensive city demonstration program which are not otherwise assisted under an existing Federal grant-in-aid program. To the extent that these supplemental grant funds are not necessary to support such projects and activities, they may be used by the cities to provide their required share of the cost of new projects or activities included within the comprehensive city demonstration program and assisted under an existing Federal grant-in-aid program.

MAINTENANCE OF EFFORT

The supplemental grant funds authorized by the bill to be provided for comprehensive city demonstration programs are not to be used for the general administration of local governments, or as a substitute for local funds being used, or already obligated, to rebuild and restore slum and blighted areas and provide community facilities and services to their residents. Accordingly, the bill requires as a condition to receiving assistance for an approved comprehensive city demonstration program, that the city not reduce, during the period an approved program is carried out, its prior level of aggregate expenditures for projects or activities similar to those being assisted under the demonstration program. In addition, supplemental grant funds authorized by the bill may not be used to replace non-Federal contributions obligated, prior to the filing of the application for a grant for planning the demonstration program, to be spent for a project or activity which is included within a comprehensive city demonstration program but for which Federal financial assistance is being provided under an existing Federal grant-in-aid program.

In other words, for the purpose of determining the amount of the supplemental grant funds which may be paid to help carry out the comprehensive city demonstration program, every non-Federal contribution made, or obligated, to a federally assisted project or activity which is carried out in connection with the demonstration program, may be counted as part of the base of non-Federal contributions upon which the supplemental grant is calculated. However, these supplemental grant funds may not be used to replace non-Federal contribution made or obligated to the federally assisted project or activity included within the demonstration program prior to the filing of the application for a grant for planning the demonstration program.

PREPARING A COMPREHENSIVE CITY DEMONSTRATION PROGRAM

A. City demonstration agency

The Federal assistance authorized by the demonstration cities program would be provided to a "city demonstration agency." The "city demonstration agency" may be the city or any local public agency established or designated by the local governing body, including one or more municipalities, counties, or other public bodies having general governmental powers, to administer the comprehensive city demonstration program.

The city demonstration agency, therefore, may be a public agency created for the purpose of administering the demonstration program

or it may be an existing local public agency assigned this responsibility. A very wide range of administrative organizations are permissible so long as the structure serving as the city demonstration agency constitutes a public body which is subject to the control of the local governing body.

Whatever the administrative organization of the city demonstration agency, it must have the endorsement and support of the elected officials of the city and the agency must have sufficient power and authority to undertake the overall administration of the demonstration program.

This does not mean that the city demonstration agency must assume operational control of all projects and activities which are a part of the local demonstration program. The city demonstration agency could utilize the capabilities of other local public and private bodies and agencies. For example, to the extent urban renewal activities are a part of the demonstration, the existing urban renewal agency would carry out such projects. School boards would continue to direct educational activities in the demonstration area. The function of the city demonstration agency would be to obtain the cooperation of all participants and receive their agreement to a concentrated and coordinated effort.

B. Planning and developing the city demonstration program

The city demonstration agency would apply to the Secretary of Housing and Urban Development for a grant to pay 80 percent of the cost of planning and developing the comprehensive city demonstration program. The application for this grant must have the approval of the local governing body of the city and would show in broad and general terms the nature and seriousness of the city's problems and the outlines of what the city intends to do. Before he makes a grant to plan a comprehensive city demonstration program, the Secretary of Housing and Urban Development must determine that there exist (1) administrative machinery through which coordination of all related planning activities of local agencies can be achieved, and (2) evidence that necessary cooperation of agencies engaged in related local planning can be obtained.

The bulk of the effort during the planning and development period would be spent in refining the program elements of the initial proposal and developing their interrelationships, working out organizational arrangements, and scheduling and budgeting program activities. During the hearings before the Housing Subcommittee, the Secretary of Housing and Urban Development testified that the planning and development period will generally not require more than 6 to 8 months, and perhaps less time. Much information in terms of needs identification will already be available. Many cities in a position to qualify as a demonstration city will already have undertaken a community renewal program, will have a community action agency which will have already collected data on social problems and needs, and will have a well-developed physical master plan and capital improvements program.

Completed plans for comprehensive city demonstration programs would be reviewed by the Secretary of Housing and Urban Development to determine that they satisfy the statutory criteria for demonstration programs.

Demonstration programs need not be limited to a single geographically delineated demonstration area in which slum and blight are to be removed or arrested. Rather, there may be several such areas of varying sizes in the city.

In addition, a wide variety of activities that serve the demonstration program, no matter where located, may be included in the demonstration.

For example, a hospital or vocational school which serves the needs of residents of slum and blighted areas may be a part of the city's program though constructed in a section of the community not requiring clearance or rehabilitation treatment. Similarly, in some instances providing housing for families displaced from slum and blighted areas may involve construction activities outside of the slum and blighted areas in a wholly different portion of the community.

Grant funds provided under this legislation will, therefore, be available for certain communitywide activities, and the cities will be expected to study the effect and impact of their programs with a view to the well-being of the entire community.

CONTENT OF DEMONSTRATION PROGRAM

To qualify for assistance under title I of the bill, a city must be prepared to embark on major new undertakings addressed to major urban problems. The demonstration cities program is designed to help those cities willing to face up to their responsibilities, willing and able to bring together all the public and private bodies whose joint action is necessary to solve their problems, willing to fully commit their energy and resources, and willing to undertake actions which will have widespread and substantial effects on the social and physical structure of the city.

A demonstration program must meet the following criteria:

First, the physical and social problems in the area of the city covered by the program must be such that a comprehensive city demonstration program is necessary to improve the physical environment, increase the supply of adequate housing for low- and moderate-income people, and provide educational and social services vital to the public health and welfare.

This requirement is designed to assure that the area selected by the city has physical and social problems the solution of which require the degree of concentrated and coordinated public investment provided by a comprehensive city demonstration program. At least a part of the area should consist of what would generally be regarded as hard-core slums in which low-income families are concentrated. It must be administered with sufficient flexibility to permit a city to concentrate its program in those neighborhoods in which the city believes there exist the best opportunities for helping its disadvantaged people and receiving maximum economic and social returns on its investment.

Second, the demonstration program must be of sufficient magnitude (1) to make a substantial impact on the social and physical problems and to remove or arrest blight and decay in entire sections or neighborhoods; (2) to contribute to the sound development of the entire city; (3) to make marked progress in reducing social and educational disadvantages, ill health, underemployment, and enforced idleness;

and (4) to provide educational, health, and social services necessary to serve the poor and disadvantaged in the area, widespread citizen participation in the program, maximum employment opportunities for residents of the area in all phases of the program, and enlarged opportunities for work and training.

These criteria will require a demonstration program to deal with sections or neighborhoods which contain a substantial percentage—as much as 15 to 20 percent—of the substandard dwelling units in the city. They will require that the program include the social components necessary to serve the substantial percentage of the cities' poverty households, welfare caseload families, illiterates, and unemployed who reside in the sections or neighborhoods covered by the demonstration program.

Many of the educational and social services which must be part of the demonstration program can be provided under community action programs supported by the Office of Economic Opportunity, and educational and other programs supported by the Department of Health, Education, and Welfare. The development of job skills, and on-the-job training can be provided with the assistance available under the program of the Department of Labor. Opportunities for employing residents in the program can be provided through appropriate arrangements with lending institutions, private construction firms, and labor unions involved and the rehabilitation and construction activities that are part of the program.

Third, the program, including rebuilding or restoration, must contribute to a well-balanced city with a substantial increase in the supply of standard housing of low and moderate cost, maximum opportunities in the choice of housing accommodations for all citizens of all income levels, adequate public facilities (including those needed for education, health and social services, recreation, and transportation), commercial facilities adequate to serve the residential areas, and ease of access between the residential areas and centers of employment.

Existing Federal grant-in-aid programs can be utilized to help fulfill the requirement of these criteria. For example, the existing Federal grant-in-aid program for neighborhood facilities can help in the provision of physical facilities needed to house many social services and the existing mass transit program may finance needed transportation facilities. The Elementary and Secondary Education Act may provide needed educational services.

These criteria are designed to assure that the demonstration area is not treated as a special enclave apart from the rest of the city. What is done in the demonstration area must be regarded as a part of the overall improvement of the city. A "well-balanced city" is one which contains a mixture of the facilities and services needed to serve the diverse groups living and working in the city. It implies a variety of housing types, sizes, and prices to provide an adequate range of choice for all who want to live in the city. It implies adequate and convenient commercial facilities to serve the needs of the residents. It implies adequate job opportunities and a transportation system to permit ready movement between residence and shopping and working areas. It implies adequate public facilities, including parks and other recreational facilities. In sum, a "well-balanced city" is one which provides the full range of services and opportunities which any citizen can expect as a part of city living.

The substantial increase in the supply of low- and moderate-cost housing required by these criteria will generally involve use of the public housing program and the rent supplement program, as well as a substantial amount of rehabilitation of existing housing. Clearance of structures will play a significant part in many demonstration programs, and considerable new construction of low-income housing will be necessary. However, a great amount of rehabilitation and reconstruction in the area will be essential to provide sufficient additional low-income housing and minimize dislocation of families and businesses.

Very often, rehabilitation and improvement of substandard and deteriorating units can make them suitable. Some units require relatively minor repairs; others require considerable rehabilitation. In some instances rehabilitation can be carried on without any displacement of occupants. In many areas temporary relocation in the neighborhood can be arranged, and in some instances relocation to another neighborhood will be necessary.

Fourth, the city's program must be more than a statement of goals. It must be a definite plan of action. Projects and activities to be undertaken must be scheduled and ready for initiation within a reasonably short period of time. In addition, the criteria require that (1) the local governing body has approved the program and, where appropriate, application for assistance under the program; (2) adequate local resources are, or will be, available for the completion of the program as scheduled; (3) agencies whose cooperation is necessary to the success of the program have indicated their intent to furnish such cooperation; (4) administrative machinery is available at the local level for carrying out the program on a consolidated and coordinated basis; (5) local laws, regulations, and other requirements are, or can be expected to be, consistent with the objectives of the program; (6) the demonstration program include a plan for relocating individuals, families, business concerns, and nonprofit organizations displaced or to be displaced in carrying out the program; and (7) the demonstration program be consistent with comprehensive planning in the entire urban or metropolitan area.

These criteria require that a local proposal for a demonstration program indicates both the resources currently available and those resources which can reasonably be expected to be available during the course of carrying out the demonstration.

Agencies whose cooperation is necessary to the success of the program will be expected to make reasonable commitments to the extent such commitments are feasible. Obviously, a school board could not commit itself to the construction of a school if such construction were dependent upon a future bond election. However, cooperating agencies will be expected to pledge their support of the program and their intent to carry out necessary actions to the fullest extent they can.

No specific administrative structure is necessary to meet the requirements of the criteria. The city is free to devise its own administrative machinery and it is likely that few administrative structures will be exactly the same. All that will be required is that the machinery devised be adequate to carry out the program on a concentrated and coordinated basis and that sufficient authority and power exist to assure that the demonstration program can be carried out as proposed.

The relocation plan required by the criteria must provide concrete evidence that there will be available for families who are displaced decent, safe, and sanitary housing within their economic means. In addition, adequate provision must be made for assistance and relocation payments to families, business concerns, and nonprofit organizations displaced as a consequence of a city demonstration program. The relocation activities are to be coordinated, to the maximum extent feasible, with the contemplated increase in the housing supply for the entire city in order to maintain the available supply of decent, safe, and sanitary housing for people of low and moderate income.

The relocation provisions included in the demonstration cities program would make available to those displaced by any activity undertaken as part of a demonstration program relocation aids and benefits as liberal as those now provided in the urban renewal program. Where relocation payments authorized in existing Federal programs utilized in connection with the demonstration program are less than now authorized in the urban renewal program, demonstration grant funds will supplement the relocation payments authorized in these existing programs to make up the difference.

The requirements imposed by the criteria with respect to comprehensive planning recognize that central cities are the economic and cultural cores of larger urban or metropolitan areas. Their activities affect the entire urban or metropolitan area. And the cities, in turn, are affected by activities undertaken in the entire area. No element of rational urban development is more important than the carrying on of sound comprehensive planning for entire urban and metropolitan areas. Cities will be expected to continue to cooperate with other governmental bodies in the metropolitan area to assure and promote sound community growth.

Fifth, the comprehensive city demonstration program must meet such additional requirements as the Secretary may establish to carry out the purposes of the program authorized by title I of the bill.

This customary general provision has two purposes: (1) To serve as a base for procedural requirements which would be inappropriate for inclusion in legislation; and (2) to permit the closing of unforeseen loopholes. The committee does not intend that this provision be used to impose substantive criteria unrelated to those prescribed in the bill.

ACTIONS EXPECTED OF THE SECRETARY

The bill requires that in implementing the demonstration program, the Secretary of Housing and Urban Development shall—

- (1) Emphasize local initiative in the planning, development, and implementation of comprehensive city demonstration programs;

- (2) Insure, in conjunction with other appropriate Federal departments and agencies and at the direction of the President, maximum coordination of Federal assistance provided in connection with this title, prompt response to local initiative, and maximum flexibility in programing, consistent with the requirements of law and sound administrative practice; and

- (3) Encourage city demonstration agencies to (A) enhance neighborhoods by applying a high standard of design, (B) main-

tain, as appropriate, natural and historic sites and distinctive neighborhood characteristics, and (C) make maximum possible use of new and improved technology and design, including cost reduction techniques.

The committee wish to stress that the demonstration program is based on local initiative, and local responses to local problems. The bill requires, and the committee intends, that a city's comprehensive demonstration program be planned, developed, and carried out by local people. The character and content of the program must be based on local judgment as to the city's needs.

The committee is aware that the demonstration program will require far more effective coordination of existing Federal programs than has been achieved in the past. The committee expects the Secretary to utilize his existing authority to assure that cities' comprehensive demonstration programs are not disrupted by a failure to coordinate activities under existing Federal grant-in-aid programs.

Massive rebuilding and restoration programs provide unique opportunities for applying the fruits of our technological advances to the home building and rehabilitation industries. The committee expects the Secretary to require maximum use of such advances in the construction and rehabilitation of homes and buildings. In addition, the committee expects the Secretary to encourage city demonstration agencies to make greater efforts to make new and existing structures as fresh and attractive as possible.

PARTICIPATION IN THE PROGRAM

The ultimate success of this new program rests upon the ability of local people to assess their own most pressing problems and devise their own solutions to those problems. The cities themselves, by their actions, will determine which of them participate in this program. Those cities which can concentrate their resources, identify their problem areas, and develop sound imaginative solutions will be the first to qualify.

But all cities will benefit from the solutions to urban problems developed through the demonstration cities approach. Your committee is confident that every city will ultimately use this "total attack" approach to solve its urban problems.

The committee intends that the assistance provided by title I of the bill be given to cities of all sizes and in all parts of the country. This will enable the program to demonstrate the wide range of methods available to deal with the diversity of problems that face cities of all sizes throughout the country.

The committee expects the Secretary to take into account the special needs of smaller cities that do not ordinarily have the staff of technicians and experts which would enable them to move quickly under a program of this nature. In reviewing the content of a proposed demonstration program of the smaller cities, the committee expects that the Secretary will understand that, because of the small size and particular circumstances, many cities do not have all of the problems to which the criteria in title I of this bill are directed. The committee expects that the demonstration program of a smaller city will be deemed adequate to meet the criteria of title I of this bill if the program proposed is of such magnitude and includes such social services

and activities, as are appropriate to its size and particular circumstances.

ADDITIONAL URBAN RENEWAL GRANT AUTHORITY

During the hearings on the bill as introduced, it became clear that the urban renewal program would be the principal existing Federal grant-in-aid program utilized in connection with cities' demonstration programs. Fears were expressed by a number of witnesses that cities participating in the demonstration program would drain off large amounts of existing urban renewal grant authorization.

The committee believed that additional urban renewal authorization was justified to assure that the demonstration cities program would not use a disproportionate amount of existing urban renewal grant authority to the detriment of cities which do not participate in the program, particularly small towns. To avoid this the bill authorizes \$250 million in new additional urban renewal grant authority which would be available after July 1, 1967, for urban renewal projects which are identified and scheduled to be carried out as one of the projects or activities included within approved city demonstration programs.

The committee wishes to stress, however, that the comprehensive city demonstration program is not intended to be used simply as a means of accelerating urban renewal projects. The program is designed to place in better balance social and physical renewal programs aimed at meeting the needs of people living in slum and blighted areas.

Your committee also wishes to make very clear its intent that the demonstration cities program will not in any way change the flow of funds, as among cities, under existing grant-in-aid programs. The demonstration cities program does not provide any priority in the use of existing Federal grant-in-aid programs for cities which participate in the demonstration program. The demonstration cities program contemplates that the funds that would normally flow to participating cities from existing grant-in-aid programs, plus the additional—supplemental—grant funds authorized by title I of this bill, will finance the demonstration programs.

COST OF THE PROGRAM

The administration proposed an open end authorization for appropriations of the sums necessary to carry out the demonstration program.

The President's message transmitting the program to the Congress indicated recommended appropriations, over a 6-year period, totaling over \$2.3 billion.

Title I of the bill reported by the committee would authorize appropriations of not to exceed \$12 million for financial assistance for planning comprehensive programs for the fiscal year ending June 30, 1967, and an equal amount for the fiscal year ending June 30, 1968. The committee believes that \$12 million would be adequate to finance planning by 60 to 70 cities which is the estimated number of participants contemplated in the first year of the program. The committee desired to authorize planning funds for those additional cities which may be ready to begin planning demonstration programs during fiscal 1968.

For the purpose of providing the supplemental grants needed to

carry out the comprehensive demonstration programs planned by the cities, the committee has authorized to be appropriated not to exceed \$400 million for the fiscal year ending June 30, 1968, and not to exceed \$500 million for the fiscal year ending June 30, 1969. The committee believes that these authorizations are adequate to fund this program over the next 2 years. The funds authorized are consistent with the expenditure estimates provided by the administration.

During this period, the committee and the Congress will have an opportunity to evaluate the experience under this program. If it is as successful as the committee expects it to be, the committee and the Congress can provide—on the basis of plans submitted by the cities, the progress of activities under demonstration programs being carried out, and the budgetary situation existing at the time—a continued reasonable annual rate of funding for this program.

The committee wishes to stress that (except for \$12 million for planning demonstration programs) the funds authorized by title I of this bill cannot be spent until after July 1, 1967.

PREVAILING WAGE REQUIREMENTS

All projects included within a comprehensive city demonstration program and assisted under an existing grant-in-aid program are subject to those provisions in the statute authorizing the existing grant-in-aid program which require the payment of wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor.

In addition, title I of the bill requires that all laborers and mechanics employed by contractors or subcontractors on projects, the construction, rehabilitation, repair, or alteration of which is assisted with Federal funds provided under the demonstration cities program (and which are not subject to any other provision of Federal law imposing labor standards) shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor. Projects which are not assisted under an existing Federal grant-in-aid program, other than the demonstration cities program, and involving the construction, rehabilitation, alteration, or repair of residential property, are subject to the labor standards provisions of title I of the bill only if such residential property is designed for use for eight or more families.

TITLE II—PLANNED METROPOLITAN DEVELOPMENT

BACKGROUND

Today, 125 million Americans—two-thirds of our total population—live in metropolitan areas. Twenty years from now we will have added, according to conservative estimates, 54 million people to our metropolitan population, the great bulk of them in suburban areas. This is the equivalent of adding 5 New Yorks or 27 Washingtons.

Federal, State, and local governments will be spending, over this period, billions of dollars for basic services for these areas—for schools, highways and other forms of transportation, parks, sewer and water systems, and the other community facilities for which supplementary grants would be provided. Careful and effective planning can greatly reduce the capital costs of these services and can, in addition, make

great contributions to our goal of a suitable living environment for every American family.

Evolution of Federal planning policies

During the past 17 years, the Federal Government has increasingly supported planned urban development.

Under the Housing Act of 1949, slum clearance and urban redevelopment projects were required to be consistent with local plans for the municipality as a whole.

The Housing Act of 1954 established the citywide "workable program" requirement for the expanded urban renewal program, for public housing, and for renewal-related FHA housing programs. The emphasis was placed on total community effort. Planning became an integral workable program element to help guide citywide growth and improvement.

The 1954 act also created the "section 701" urban planning assistance program. Grants were made available to help prepare the comprehensive plans required for local workable programs and renewal activities. Assistance was also provided for metropolitan planning activities, as distinct from citywide planning.

The first requirement for metropolitanwide planning as a condition to Federal assistance was applied to the open-space land program under the Housing Act of 1961. Next, the Federal-Aid Highway Act Amendments of 1962 established the requirement for metropolitan areawide transportation planning carried on cooperatively by States and local communities. In 1964 and 1965 new programs with area-wide planning requirements were established to assist such activities as mass transportation, the provision of basic water and sewer facilities, and land development for subdivisions and neighborhoods.

These requirements have resulted in an increased tempo of metropolitan planning. Much of the planning is, however, still directed toward meeting the specific Federal planning requirements and has not resulted in effective overall planned development. Furthermore, only a few metropolitan areas have developed arrangements to effectively coordinate actions to implement local planning. The proposed new program is needed to encourage the many divergent public bodies in metropolitan areas to overcome these defects.

The proposed new program under title II would meet this problem through better coordination of Federal assistance, minimum requirements for local planning and coordination under existing Federal grant-in-aid programs, and through its special incentives for multipurpose planning and for areawide implementation of plans. It would provide incentive grants only when planning and implementation are found to be satisfactory for all major developments within the area.

SUMMARY OF THE TITLE

Title II of the bill would strengthen Federal policy concerning planned metropolitan development in four ways by—

(1) Authorizing and encouraging cooperation between Federal departments and agencies with respect to programs affecting metropolitan development (sec. 202);

(2) Authorizing the appointment of "metropolitan expeditors" to provide information and assistance concerning programs of the Department of Housing and Urban Development and related

activities, for the benefit of local and Federal agencies and local individuals (sec. 203) ;

(3) Requiring that applications for Federal assistance for metropolitan area development be reviewed and commented upon by areawide comprehensive planning agencies and by affected municipalities or other units of general local government (sec. 204) ; and

(4) Providing additional incentive, through supplemental grants for certain federally assisted development activities, for more thorough and effective implementation of metropolitan plans and programs (secs. 205-207).

PRINCIPAL PROVISIONS OF THE TITLE

Cooperation between Federal agencies

Section 202 of the bill would help assure that all Federal programs related to metropolitan development are carried out in a coordinated manner by specifically authorizing the Secretary of Housing and Urban Development to obtain from other Federal agencies statistical data, program reports, and other material needed to carry out the metropolitan area responsibilities of the Department. Federal agencies carrying out metropolitan area programs would also be directed, to the maximum extent practicable, to consult with and seek advice from all other significantly affected Federal agencies.

These provisions would be of special importance in connection with the functions of the new "metropolitan expeditors," described below. They must, in order effectively to assist localities within metropolitan areas, be able to act as a clearinghouse for general information and advice with regard to all metropolitan area programs, rather than just those of HUD. It will be very important that the other Federal agencies having program responsibilities within such areas work closely with them.

It is not intended, however, that these provisions change the present arrangements for HUD reimbursement of other Federal agencies in providing special materials or other services. Rather, it is intended to emphasize that other agencies are to cooperate fully in providing such services, consistent with their own authority and responsibilities.

Metropolitan expeditors

Section 203 of the bill would authorize the Secretary of Housing and Urban Development, upon the request of authorized local officials and after consultation with local governmental authorities, to appoint for any metropolitan area a "metropolitan expeditor" to provide information, data, and assistance to local authorities, organizations, and persons and to relevant Federal agencies with respect to the Department's programs and activities and other related activities and needs in the area.

Under this authority the expeditor, acting through a staff as necessary, would provide detailed information about, and continued liaison with, programs of the Department of Housing and Urban Development. He would also provide general information with respect to programs of other Federal and State agencies, but his function with respect to such programs would be only as a clearinghouse. The other agencies themselves would be responsible for providing more detailed

information and continuing liaison, as part of their own program operations.

The expediter would also provide information and assistance with respect to other related public and private activities in the area. For example, he could work with local government officials to help resolve conflicts between the planning and programing of federally assisted and other local projects. However, his services would be provided only on local request and his role would be entirely advisory. In no way would he impose Federal control over local decisions affecting urban development.

Coordination of Federal aids in metropolitan areas

Section 204 of the bill would require that all applications for Federal loans or grants to assist in carrying out projects for open-space land, hospitals, airports, libraries, water supply and distribution facilities, sewerage facilities and waste treatment works, highways, transportation facilities, or water development and land conservation within any metropolitan area must, after June 30, 1967, be submitted for review and comments by a metropolitanwide comprehensive planning agency which is, to the greatest extent practicable, responsible to the elected officials of the general local governments. It would further require that such an application by a special purpose unit of local government must also be submitted to any affected general local governments.

The comments would be required to include information concerning the relationship of the proposed project to local and metropolitanwide comprehensive planning. The Federal agency to which the application is submitted would not be required to follow these local comments. It would use them only to assist in determining whether the application is in accord with the provisions of its own enabling legislation.

This proposal is consistent with proposals contained in sections 503 and 504 of S. 561, the intergovernmental cooperation bill approved by the Senate earlier in this Congress. The report of the Senate Committee on Government Operations on that bill (S. Rept. No. 538, 89th Cong.) provides additional details regarding the need for this type of provision and its effect.

Proposed new grant program for planned metropolitan development

Section 205 through 207 of the bill would authorize, within the Department of Housing and Urban Development, a new program of supplementary grants to localities and other public bodies in metropolitan areas as an additional Federal incentive for effective metropolitan planning and development, as recommended by the President in his recent message on city demonstration programs.

The proposed grants would supplement existing Federal assistance to programs for transportation facilities (including mass transit, roads, and airports), water and sewer facilities, recreation and other openspace areas, historic preservation, specialized library facilities, and hospital and medical facilities. Grants would be up for 20 percent of the cost of such projects.

Eligibility of metropolitan areas

Before supplemental grants can be made for projects in a particular metropolitan area, it will have to be shown that (1) metropolitanwide comprehensive planning and programing provide an adequate basis for the location and scheduling of public facilities and land develop-

ments of metropolitanwide or interjurisdictional public significance; (2) adequate areawide arrangements exist to carry out such planned and coordinated development; and (3) public facility projects (whether federally aided or not) and other land developments having a major impact on the development of the area are in fact being carried out in accord with comprehensive planning and programing.

Eligibility of applicant

Not all localities or other public bodies in an eligible metropolitan area could receive supplemental grant assistance under the program. An applicant public body would have to show that public facility projects and other activities over which it has jurisdiction and which are of interjurisdictional or areawide significance are being carried out in accord with the metropolitan planning and programing. The objective would be to further areawide and interjurisdictional coordination where that is needed.

Special attention would be given to whether the applicant is effectively assisting in, and conforming to, metropolitan planning and programing through the location and scheduling of its public facility projects and its establishment and consistent administration of zoning codes, subdivision regulations, and similar land-use and density controls.

This requirement could not, of course, be applied directly to a sewer district or other special-purpose body. If the applicant is not a county, municipality, or other general-purpose government, then the general-purpose government having jurisdiction over the location of the project would also have to qualify under the program.

Role of areawide comprehensive planning agency

The metropolitanwide comprehensive planning agency would be expected to assist materially in making these necessary determinations of eligibility. It would provide comments on the consistency of assisted development projects with areawide planning and programing. It would also report on the overall status of the area's development activity, as it relates to carrying out areawide planning and programing.

Programs receiving supplemental grants

Applicants under 10 Federal grant programs would be eligible to receive supplemental assistance under the new program:

(1) Grants for basic water and sewer facilities, administered by the Department of Housing and Urban Development under the Housing and Urban Act of 1965;

(2) Grants for the construction of libraries, administered by the Department of Health, Education, and Welfare under title II of the Library Services and Construction Act;

(3) Grants for the construction and modernization of hospitals and other medical facilities, administered by the Department of Health, Education, and Welfare under the Public Health Services Act (Hill-Burton Act);

(4) Grants for construction of sewage treatment works, administered by the Department of Interior under the Federal Water Pollution Control Act;

(5) Grants for highway construction (Federal-aid primary and secondary systems and urban extensions, but not the Interstate System) administered by the Department of Commerce;

(6) Grants for airport development, administered by the Federal Aviation Agency under the Federal Airport Act;

(7) Grants for urban mass transportation facilities and equipment, administered by the Department of Housing and Urban Development under the Urban Mass Transportation Act of 1964;

(8) Grants for acquisition and development of open space, for beautification and improvement or for historic preservation administered by the Department of Housing and Urban Development under the Housing Act of 1961 (the historic preservation provisions would be added to the 1961 act by the housing and urban development bill of 1966, a companion to this bill);

(9) Grants for the acquisition and development of lands and waters for recreation purposes, administered by the Department of the Interior under the Land and Water Conservation Fund Act of 1965; and

(10) Grants for public works and facilities in redevelopment areas, administered by the Department of Commerce under the Public Works and Economic Development Act of 1965 (but only if they involve works or facilities of a type which the Secretary of Housing and Urban Development determines to be eligible under items (1) through (9)).

The supplemental assistance provided under this bill is directly keyed to critical types of development projects for which there has already been Federal recognition of need and a commitment to assist in meeting these needs. The supplemented programs all play key roles in well-planned metropolitan development. Transportation facilities, water and sewer systems, and recreation and open-space areas are especially important in knitting together metropolitan regions and helping to shape their growth. A highway or a rapid transit line, for example, can open large areas for suburban development, and influence the scheduling and location of other public facilities to serve such development. Similarly, the location of water and sewer lines and of parks and other open-space areas can greatly affect local subdivisions and other development. If planned inconsistently, these projects can distort urban growth, and one project can greatly reduce, or even negate, the benefits expected from another.

The other programs supplemented by the bill have, in general, less influence in metropolitan growth. However, for them also, areawide development planning and programing is of special importance. Thus, the large capital investments, and the degree of specialization involved in hospital facilities, make them particularly dependent on effective areawide planning for proper scheduling, location, and coordination.

Limitations on grants

A supplemental grant could not exceed 20 percent of project cost. Thus, projects under an eligible program with a 50-percent grant level could receive a total of 70 percent in Federal support.

However, in no case could total Federal contributions exceed 80 percent. Under the mass transportation program, for example, Federal grants could be raised from 66 $\frac{2}{3}$ percent only to a maximum of 80 percent, and not 88 $\frac{2}{3}$ percent.

Also, the grant supplement could in no case exceed the basic grant amount.

Furthermore, no activities are to receive supplemental assistance under both this program and the comprehensive demonstration cities program, under title I of this bill.

Effect on basic grant programs

The supplemental grants provided under the new program would not affect the basic grant programs themselves, which would continue in full force and effect. The new program would merely increase the Federal share of the cost of development projects meeting the standards of metropolitan coordination set out in the bill. In this way, the proposed grants would reward State and local governments which have actually reached, and provide encouragement for others to reach, a high level of metropolitan planning and arrangements for coordinated development.

The amount of a supplementary grant will be based on a certification, by the Federal agency having responsibility for the basic program, of the cost of the assisted projects and of the amount of non-Federal contributions. These certifications and other aspects of administering their own programs will remain under the full control of the individual Federal agencies.

Authorization for appropriations

The title would authorize grant appropriations of up to \$25 million for fiscal year 1967 and \$50 million for fiscal year 1968. These authorizations would remain available until appropriated, and amounts appropriated would remain available until expended.

TITLE III—URBAN INFORMATION AND TECHNICAL ASSISTANCE
SERVICES

PROPOSED NEW GRANT PROGRAM

This title would authorize the Secretary of Housing and Urban Development to make grants to assist programs of States and metropolitan area agencies for the establishment and operation of urban information and technical assistance centers. These would provide data needed for the solution of urban problems, including information to local governments, organizations, and individuals regarding Federal, State, and local urban assistance programs and other resources. In addition, the program would provide technical assistance to small communities (defined as communities of not more than 25,000 persons) relating to urban problems.

This new program seeks particularly to fill the needs of local governments, organizations, and individuals to know more about Federal programs affecting urban development. In recent years the number and size of such programs has grown rapidly as State and local governments have turned increasingly to the Federal Government for assistance in dealing with their problems. There are now about 200 separate programs which annually assist many thousands of projects.

This maze of categorical assistance programs, offered by Federal departments and agencies with differing purposes and methods of operation, has often proved baffling to penetrate. A mere catalog of the programs is of very limited assistance because of the complexity of matching needs to specific programs. Through the use of highly trained personnel, the proposed information centers would be able to

work with the public officials involved and assist them in evaluating alternative courses of action and in making contact with the proper Federal personnel.

Matching needs to Federal programs would be only part of the function of the information centers. Local officials are often unable to deal with their problems because of the lack of access to local data. Thus, each city in a metropolitan complex should be aware of at least the main economic, demographic, and social changes which are taking place in the entire metropolitan area. But this is a type of data which they often cannot gather or analyze with their own resources.

Too often in the past, local decisionmaking has thus had to depend on guesses about the relationship of local activities to activities in the broader area. The proposed information centers would provide a focus for the gathering and dissemination of such information for all of the localities involved.

Small cities have a particularly acute problem of wading through the many government programs without being able to afford the expert professional know-how needed to advise them on how to go about solving their housing and urban problems. There is a definite need for direct personal contact with mayors and other elected officials of the small cities to advise them on the proper procedure to make full use of Federal, State, and other programs in the solution of their urban problems.

EXTENT OF ACTIVITIES

Centers established by metropolitan-area agencies would be required to provide primarily (1) informational services of general metropolitan-wide utility, and (2) informational services and technical assistance of utility to small communities within the metropolitan area. Similarly, centers established by States would be required to provide primarily (1) informational services of general statewide utility, (2) informational services of utility to communities not within metropolitan areas for which information centers have been established under this title, and (3) technical assistance to small communities. These provisions are intended to minimize duplication of effort between State-sponsored and metropolitan-area centers.

OTHER PROGRAM REQUIREMENTS

A program assisted under this title would be required to specify the activities to be carried on and justify their necessity and costs, and to represent substantially increased or improved activities on the part of the applicant. Also, assistance could not be provided for data and information to be used primarily in day-to-day operations, although this would not preclude providing information centers with data from operating agencies, for the benefit of both planning and day-to-day operations.

Large-scale generation of new data would not be supported by this title. Rather, the information centers would concentrate on making existing data more readily accessible to larger numbers of users. Federal agencies would be required to cooperate in making available needed information.

Finally, it is intended that data in the centers not be tied to individual persons or firms in ways which create risk of invasion of individual privacy or business confidentiality.

GRANT LEVEL AND AUTHORIZATION

Federal grants could be made for up to 50 percent of the cost of eligible activities under an approved program. Up to \$5 million would be authorized for fiscal 1967 and up to \$10 million for fiscal 1968. These authorizations would remain available until appropriated, and amounts appropriated would remain available until expended.

SECTION-BY-SECTION SUMMARY

Section 1.—Provides that the bill may be cited as the “Demonstration Cities and Metropolitan Development Act of 1966.”

TITLE I—COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

Findings and declaration of purpose

Section 101.—Sets forth the findings of Congress and the declaration of purposes with respect to this title of the bill.

Basic authority

Section 102.—Authorizes the Secretary of Housing and Urban Development to make grants and provide technical assistance to enable city demonstration agencies to plan, develop, and carry out comprehensive city demonstration programs.

Eligibility for assistance

Section 103(a).—Provides that a comprehensive city demonstration program is eligible for financial assistance to carry out the program only if certain specific criteria are met, including requirements that—

(1) Physical and social problems in the area of the city justify a comprehensive city demonstration program to carry out the purposes of the title;

(2) The program is of sufficient magnitude to make a substantial impact on the physical and social problems and to remove or arrest blight and decay in entire sections or neighborhoods, to contribute to the sound development of the entire city, and to make marked progress in reducing social and educational disadvantages, ill health, underemployment, and enforced idleness;

(3) The program, including rebuilding or restoration, will contribute toward a well-balanced city, with a substantial increase in the supply of standard housing of both low and moderate cost; and

(4) Local administrative procedures are available for carrying out programs on a consolidated and coordinated basis, local laws, regulations, and other requirements are, or can be expected to be, consistent with the objectives of the program, a relocation plan meeting the requirements of the Secretary exists, the local governing body has approved the program, agencies whose cooperation is necessary to the success of the program have indicated their intent to furnish such cooperation, the program is consistent with comprehensive planning in the entire urban or metropolitan area, and the locality will continue to maintain at least the same level of expenditures for activities similar to those being assisted.

Subsection (b) provides that, in implementing title I, the Secretary shall (1) emphasize local initiative, (2) insure maximum coordination of Federal assistance and (3) encourage city demonstration agencies to enhance neighborhoods by applying a high standard of design,

maintain neighborhood characteristics, and make maximum use of new and improved technology and design, including cost reduction techniques.

Financial assistance for planning comprehensive city demonstration programs

Section 104(a).—Authorizes the Secretary to make grants to, or enter into contracts with, city demonstration agencies to pay 80 percent of the costs of planning and developing comprehensive city demonstration programs.

Subsection (b) provides that such financial assistance may be provided only if (1) the application for the assistance has been approved by the local governing body of the city, and (2) the Secretary has determined that administrative machinery exists through which coordination of all related planning activities of local agencies can be achieved.

Financial assistance for approved comprehensive city demonstration programs

Section 105(a).—Authorizes the Secretary to approve comprehensive city demonstration programs if, after review of plans, he determines that the plans satisfy the criteria for such programs set forth in section 103 of the bill.

Subsection (b) authorizes the Secretary to make grants to, and enter into contracts with city demonstration agencies to pay 80 percent of the costs of administering comprehensive cities demonstration programs.

Subsection (c) provides, in addition, that in order to assist the city to carry out the projects or activities included within an approved comprehensive city demonstration program, the Secretary may make grants to the city demonstration agency of not to exceed 80 percent of the aggregate amount of non-Federal contributions required to be made by the locality to all projects or activities assisted by Federal grant-in-aid programs carried out in connection with such comprehensive city demonstration program. The amount of non-Federal contribution required for each such project or activity would be certified to the Secretary by the Federal department or agency administering the grant-in-aid program, and the Secretary would be required to accept such determination in computing the amount of any grant made under this section.

Subsection (d) requires that grant funds provided to assist projects and activities included in an approved comprehensive city demonstration program shall be made available to assist new and additional projects or activities not assisted under a Federal grant-in-aid program. To the extent such funds are not necessary to support fully such new and additional projects and activities, they may be used and credited as part or all of the required non-Federal contribution to projects or activities assisted under a Federal grant-in-aid program, which are a part of an approved comprehensive city demonstration program.

Technical assistance

Section 106.—Authorizes the Secretary to provide technical assistance to city demonstration agencies to assist such agencies in planning, developing, and administering comprehensive city demonstration programs.

Relocation requirements and payments

Section 107(a).—Requires that a comprehensive city demonstration program include a relocation plan for all displaced people and businesses, which assures the availability of adequate housing before people are displaced and requires, to the maximum extent feasible, the coordination of relocation activities with increases in the supply of standard housing suitable for displaced families.

Subsection (b) requires relocation payments as provided in the urban renewal law.

Continued availability of Federal grant-in-aid program funds

Section 108.—Technical.

Consultation

Section 109.—Requires the Secretary, in carrying out the provisions of the title, including the issuance of regulations, to consult with other Federal departments and agencies administering grant-in-aid programs.

Labor standards

Section 110(a).—Provides that the prevailing wage provisions of the Davis-Bacon Act shall apply to projects which are federally assisted under title I if they are not otherwise subject to the provisions of Federal law imposing labor standards on federally assisted construction. Such requirements, however, are to apply to residential property only if such property is designed for residential use for 8 or more families.

Appropriations

Section 111(a).—Authorizes for planning grants and administrative expenses under section 104, appropriations of \$12 million for the fiscal year 1967 and \$12 million for the fiscal year 1968.

Subsection (b) authorizes, for grants and contracts to assist approved comprehensive city demonstration programs under section 105, for technical assistance under section 106, and for relocation assistance under section 107, appropriations for financial assistance and administrative expenses; \$400 million for fiscal year 1968 and \$500 million for fiscal year 1969.

Definitions

Section 112.—Defines terms used in title I.

Grant authority for urban renewal projects which are part of approved comprehensive city demonstration programs

Section 113.—Authorizes \$250 million in additional urban renewal grant authority, to be available after July 1, 1967. This additional authority would be limited to urban renewal projects identified and scheduled to be carried out as one of the projects or activities included within an approved comprehensive city demonstration program.

TITLE II—PLANNED METROPOLITAN DEVELOPMENT

Findings and declaration of purpose

Section 201.—Sets forth congressional findings and declaration of purpose with respect to this title.

Cooperation between Federal agencies

Section 202.—Authorizes the Secretary of Housing and Urban Development to call upon other Federal agencies for data and other materials he needs to carry out his metropolitan development responsibilities and to assist the President in coordinating the metropolitan development efforts of other agencies. Directs all Federal agencies engaged in metropolitan programs, in order to assure full coordination of such programs, to consult with and seek advice from all other significantly affected Federal agencies.

Metropolitan expeditors

Section 203.—Authorizes the Secretary of Housing and Urban Development, upon request of authorized local officials and after consultation with local governmental authorities, to appoint for any metropolitan area a "metropolitan expeditor" to provide information, data, and assistance to local authorities, organizations, and persons and to relevant Federal agencies with respect to the Department's programs and activities and other related activities and needs in the area.

Coordination of Federal aids in metropolitan areas

Section 204(a).—Requires that, after June 30, 1967, all applications for Federal loans or grants to assist in carrying out projects for open space land, hospitals, airports, libraries, water supply and distribution facilities, sewerage facilities and waste treatment works, highways, transportation facilities, or water development and land conservation within any metropolitan area shall be submitted for review to an agency which is designated to perform metropolitan or regional planning for the area within which the assistance is to be used and which is, to the greatest extent practicable, composed of or responsible to the elected officials of the general local governments. Further requires that if such an application is made by a special purpose unit of local government, it must also be submitted to the general local governments with authority to operate in the area within which the project is to be located.

(b) Requires each such application to be accompanied by (1) the comments and recommendations of the areawide agency and general local governments to which the application has been submitted for review, and (2) a statement by the applicant that such comments and recommendations have been considered prior to formal submission of the application.

The application, however, need not be so accompanied if the applicant certifies that a plan or description of the project has lain before an appropriate areawide agency or instrumentality or general local government for 60 days without comments or recommendations thereon having been made.

Grants to assist in planned metropolitan development

Section 205 (a).—Authorizes the Secretary of Housing and Urban Development to make supplementary grants to State and local public bodies and agencies carrying out metropolitan development projects meeting the requirements of this section.

(b) Provides that grants may be made under this section only for projects in metropolitan areas for which it has been demonstrated, to the satisfaction of the Secretary, that (1) metropolitanwide compre-

comprehensive planning and programming provide an adequate basis for evaluating—

(A) The location, financing, and scheduling of individual public facility projects whether or not federally assisted; and

(B) Other proposed land development or uses, where such projects or uses—because of their size, density, type, or location—have public metropolitanwide or interjurisdictional significance;

(2) Adequate metropolitanwide institutional or other arrangements exist for coordinating local public development policies and activities affecting the development of the area; and

(3) Public facility projects, and other land development or uses (public or private) which have a major impact on the development of the area, are in fact being carried out in accord with such metropolitanwide comprehensive planning and programming.

(c) Requires that the applicant for a grant under this section must demonstrate that it is adequately assuring that public facility projects and other land development or uses of public metropolitanwide or interjurisdictional significance are being actually carried out in accord with metropolitan planning and programming meeting the requirements of subsection (b).

(d) Requires the Secretary, in making the determinations required under this section, to obtain and give full consideration to the comments of the State or local bodies responsible for comprehensive planning and programming for the metropolitan area.

Extent of grant

Section 206(a).—Limits a grant under section 205 to the least of (1) 20 percent of project cost, (2) the amount of the basic Federal grant to the project, or (3) the difference between 80 percent of project cost and the total other Federal contributions to the project.

No grants could be provided for projects or activities on the basis of which assistance is for a comprehensive demonstration cities program under the bill.

(b) Authorizes grant appropriations of up to \$25 million for fiscal year 1967 and up to \$50 million for fiscal year 1968.

Consultation and certification

Section 207.—Requires the Secretary (1) in issuing regulations and otherwise carrying out his authority under section 205, to consult with the Departments of the Interior, Commerce, and Health, Education, and Welfare and the Federal Aviation Agency with respect to metropolitan development projects assisted by them; and (2) for the purpose of determining grant amounts, to accept their respective certifications as to the cost of those projects and the amount of the non-Federal contribution paid or to be paid to that cost.

Definitions

Section 208.—Defines certain terms in title II of the bill, including the following:

(1) "Metropolitan development" means all projects or programs for the acquisition, use, and development of open space land; and the planning and construction of hospitals, libraries, airports, water supply and distribution facilities, sewerage facilities and waste treatment works, transportation facilities, highways, water development and land conservation, and other public works facilities.

(2) "Metropolitan development project" (as used in sections 205 and 207) means a project assisted under the following specified Federal programs:

(a) Grants for basic water and sewer facilities, administered by the Department of Housing and Urban Development under section 702 of the Housing and Urban Development Act of 1965;

(b) Grants for library facilities, administered by the Department of Health, Education, and Welfare under title II of the Library Services and Construction Act;

(c) Grants for hospital and medical facilities, administered by the Department of Health, Education, and Welfare under section 606 of the Public Health Services Act;

(d) Grants for construction of sewage treatment works, administered by the Department of the Interior under section 8 of the Federal Water Pollution Control Act;

(e) Grants for highway construction (Federal-aid primary and secondary systems and urban extensions, but not the Interstate System) administered by the Department of Commerce under section 120(a) of title 23, United States Code;

(f) Grants for airport development, administered by the Federal Aviation Agency under section 9 of the Federal Airport Act;

(g) Grants for urban mass transportation facilities and equipment, administered by the Department of Housing and Urban Development under section 3 of the Urban Mass Transportation Act of 1964;

(h) Grants for acquisition and development of open space, for urban beautification and improvement, or for historic preservation, administered by the Department of Housing and Urban Development under title VII of the Housing Act of 1961 (the historic preservation provisions would be added to title VII by title IV of the housing and urban development bill of 1966, a companion to this bill);

(i) Grants for the acquisition and development of lands and waters for recreational purposes, administered by the Department of the Interior under section 5(e) of the Land and Water Conservation Fund Act of 1965; and

(j) Grants for public works and facilities in redevelopment areas, administered by the Department of Commerce under section 101(a)(1) of the Public Works and Economic Development Act of 1965 (but only if they involve works or facilities of a type which the Secretary determines to be eligible under one of the programs listed in paragraphs (a) through (i) above).

TITLE III—URBAN INFORMATION AND TECHNICAL ASSISTANCE SERVICES

Purpose

Section 301.—Declares that the purpose of title III is to assist States and metropolitan-area agencies to make available information and data on urban needs and assistance programs and activities through centers established for this purpose, and to provide technical assistance through such centers to small communities with respect to the solution of urban problems.

Grant authority

Section 302.—Authorizes the Secretary of Housing and Urban Development to make grants to States and metropolitan-area agencies for the establishment and operation of urban information and technical assistance centers. These would provide information and data needed for the solution of urban problems and would provide technical assistance to small communities outside metropolitan areas with respect to the solution of urban problems.

(b) Requires that a program assisted under this section shall (1) specify the activities to be carried on and justify their necessity and costs, and (2) represent substantially increased or improved activities on the part of the applicant.

Extent of activities

Section 303(a).—Requires that a center established under this title by a metropolitan-area agency shall provide primarily (1) informational services of general metropolitanwide utility and (2) informational services and technical assistance of utility to the communities within that metropolitan area.

(b) Requires that a center established under this title by a State shall provide primarily (1) informational services of general statewide utility, (2) informational services of utility to communities not within metropolitan areas, and (3) technical assistance to small community (defined as a municipality or political subdivision having a population of 25,000 or less).

Amount of grant

Section 304(a).—Limits the Federal grant for an urban information and technical assistance program to 50 percent of its cost.

(b) Prohibits the making of grants under this title to assist in assembling data, or providing information, to be used primarily in the day-to-day operations of State or local governing bodies and agencies.

Federal cooperation

Section 305.—Requires Federal departments and agencies to cooperate with States and metropolitan area agencies in providing information to assist them in carrying out urban information and technical assistance programs.

Definitions

Section 306.—Defines certain terms used in this title.

Appropriations

Section 307.—Authorizes grant appropriations of up to \$5 million for fiscal year 1967 and up to \$10 million for fiscal year 1968. These authorizations would remain available until appropriated, and amounts appropriated would remain available until expended.

CORDON RULE

In the opinion of the committee, it is necessary to dispense with the requirements of subsection 4 of rule XXIX of the Standing Rules of the Senate in order to expedite the business of the Senate in connection with this report.

MINORITY VIEWS OF MESSRS. BENNETT, TOWER, THURMOND, AND HICKENLOOPER

"TOO MUCH * * * WHEN THE COST IS HIGHEST"

The investments you are making in your cities are vital to our future. We would like to complete them all at once. But if we attempt to do too much, too soon, we will end by accomplishing less by borrowing our money, by issuing bonds when the cost of money is at the highest point in several years—when costs are skyrocketing and materials and skilled labor are scarce * * *. I ask you to go home and get out your lead pencil—and take a good hard look at your next quarterly budget expenditures.

(President Lyndon B. Johnson before the National Legislative Conference, National League of Cities, March 31, 1966.)

We believe the President's evaluation of the city development problem to be exactly right.

We believe that the President, to be consistent after having expressed this strong opinion, would join us in voting against this bill if he were back in the Senate.

We believe the so-called demonstration cities bill, title I of S. 3708, is an expansion of a faltering urban renewal program which will be financed almost totally with Federal funds.

The facts and figures on urban renewal prove beyond doubt that the program has hit dead center because of the failure to inject some basic thinking into a program that deserved a better fate.

URBAN RENEWAL—AND MORE

Urban renewal was an enticing fantasy that preyed on cities which could not afford all the luxury in a hurry that such a program offered. Much like the human failure of overindulgence at an attractive cafeteria counter.

The cities' one-third share of the project costs has become more and more difficult to meet despite the promising tax profits to be derived from improved property rising on the project sites. One project created another—moving people and businesses to less expensive areas than that to be developed by urban renewal.

Urban renewal, the great promise to the cities, has deteriorated to the point where only \$1.5 billion in Federal funds has been spent since 1949 out of a total of \$7.6 billion authorized during that period. Of course, \$5.6 billion has been committed, but it obviously is much easier to commit than to spend when it is necessary for the cities to raise from their taxpayers the one-third of the cost of a project on which the Federal Government offers to pay two-thirds.

That is why another dreamworld of spending is planned for the cities, but this time the Federal Government's share in the demonstration cities proposal can run as high as 95 percent because under certain conditions the Federal Government would be authorized to contribute 80 percent to the local share of project costs.

TIGHTENING BILL DOES NOT MAKE IT GOOD

The administration sought to have no limit on congressional authorizations for this new program and supported this indefinite money position by professing some indefiniteness in just how many cities would get the benefit of the program and to what extent each fortunate city would benefit.

Nevertheless, administration figures submitted in testimony before the committee made possible the estimation of total costs of approximately \$2.9 billion for a 5-year program.

The committee reduced the program from a 5-year program to a 3-year program and fixed authorization limits at \$12 million for the first year, which is a planning year, and at \$400 million for fiscal 1968 and \$500 million for fiscal 1969, which would be considered the "programing" years, or the years in which the Federal contributions would be made on active projects.

Even so, this change in the bill can hardly be classified as a redeeming improvement in light of the fact that new expenditures are to be committed by Congress at a time when "costs are skyrocketing and materials and skilled labor are scarce," as President Johnson said to the city representatives only last March.

Before our committee on August 4, Gov. J. L. Robertson, of the Federal Reserve Board, testified that recommendations for reducing Federal Government expenditures had been made to President Johnson because of existing inflationary pressures.

WARN OF "BOOM AND BUST"

We believe it is appropriate in this report to go further into the testimony of Governor Robertson, as well as that of Joseph W. Barr, Under Secretary of the Treasury who also appeared before our committee, because the basic issue before us at that time concerned the halting of inflationary pressures.

In testifying on a bill to deal with interest rate regulation, Governor Robertson warned of "boom and bust" dangers and said:

* * * we are in the midst today of an inflationary situation. The inflationary pressures are great. In my opinion the dangers of inflation are much greater than the dangers of high interest rates. The cost to the people of this country is much greater in the case of inflation than in the case of high interest rates.

Governor Robertson told the committee that the continued use of monetary policy and failure to use fiscal policy will put additional upward pressure on interest rates. He also said that recommendations have been made to President Johnson that expenditures be reduced to curb the demand for money.

Secretary Barr said that it would be desirable to "pay something on the Federal debt this year" and that this is the year "we should be in balance or as close to balance as possible, or surplus."

These statements by men charged with a great deal of the responsibility of protecting the economy against extreme and damaging fluctuations only serve to emphasize the President's own words of caution against overspending in the cities during these times of expensive money.

CITIES WILL HAVE PLENTY TO WORK WITH

It should be noted that we have not taken the demonstration cities program apart item-by-item for criticism because there are recognizable needs for assistance in many of our great cities. However, as the President said, too much might be attempted too soon.

As we indicated in this report, the Congress would not be deserting the cities by postponing the expansion of expenditures for city rehabilitation at this time. We have pointed out the inability of the cities to carry out commitments already given for urban renewal projects and much more money will be available throughout the next 3 years. Last July 1, an annual authorization of \$750 million for urban renewal capital grants became effective. Additional authorizations of \$750 million will become effective on July 1, 1967, and July 1, 1968.

Further proof that Congress is fully cognizant of the problems in the Nation's cities and that those problems will be subject to continued consideration is contained in the 1965 approval of an increase in planning grant authorization of \$125 million, which brings the total to \$230 million, to be available until expended.

The city redevelopment program need not stand still for lack of funds either for planning or actual development work in the event that the Congress rejects this proposal authorizing over \$900 million. This is a period in which difficult decisions must be made. With our economic machine running wide open, priorities are necessary.

Expenditures cutbacks have been recommended—and in some cases accomplished—on a few isolated domestic projects. The savings from these cutbacks would be swallowed up, however, by only a fraction of what is sought to expand city redevelopment.

We have one closing comment to make on the demonstration cities section of this bill. Aside from the obligations we face in Vietnam and second-front fighting against inflation in our Nation, the judgment used in planning this demonstration cities program is questionable. With Dr. Robert C. Weaver, Secretary of Housing and Urban Development, admitting that a single city of 1 million population could qualify for more than \$400 million and a city of 50,000 population could qualify for as much as \$23 million, it becomes quite obvious that only a chosen few of the Nation's cities, large or small, would share in the benefits to be derived from the expenditures of additional hundreds of millions of dollars called for in this bill.

PLANNED METROPOLITAN DEVELOPMENT

Title II of the bill providing grants to assist in the orderly development of metropolitan areas has a laudable purpose. We cannot argue that it is undesirable to have orderly development. Certainly planning is essential to orderly development and it is important that the planning, if approved by local civic leaders and a majority of the residents in an area, be followed.

It is no less obvious that the multiplicity of political jurisdictions and agencies involved in metropolitan development make it difficult to achieve the type of overall planning that would fully integrate the efforts of each to meet the economic and social needs of those residing in the subdivisions of a metropolitan area.

While we express accord with the objective of the bill, we cannot support it as a means to that end.

Among other reasons why we withhold our support, is that already voiced about expansion of federally financed programs at a time when our economic machine is already straining its capacity. Even if this proposal contained no objectionable provisions, the economic situation at this time would warrant our opposition.

JURISDICTIONAL PROBLEMS TO CONTINUE

It is suggested that one of the reasons for this legislation is the complexity of metropolitan government and the multiplicity of political jurisdictions and agencies involved. We do not find anything in the bill that would lessen the complexity or reduce the number of jurisdictions. These, we feel, should only be altered by the voice of the people, and as has been evident in case after case, the people have not voted to accept an overall metropolitan government.

The voice of the people in each political subdivision of the metropolitan planning area must not be circumvented by any Federal redevelopment plan. They should have the opportunity to either be part of the plan or refuse to be part of it depending upon the combined judgment of the residents.

REDUNDANT CONGRESSIONAL MANDATE

The requirement in section 202 of this title that all Federal agencies consult with and ask advice from all other agencies to assure fully coordinated programs is redundant at best and an indictment of the present administration of Federal programs. It is indefensible that agencies using public funds would not take all possible measures to assure that any projects under their administration relating to metropolitan development were in accord with proper area development and all other federally assisted projects, even in the absence of a congressional mandate. There may be reason for rivalry among private individuals, firms, or institutions, but there is no excuse for such among those who are supposed to be public servants.

FEDERAL BRIBE NOT NECESSARY

We are not of the opinion that it is necessary to provide an additional Federal incentive of 20 percent, thus reducing the local share in order to bring about metropolitan planning, nor have we been convinced that the funds provided in this title will increase planning. We suspect that those advanced areas which already are well along with their planning will receive the supplemental grants as a windfall and that little additional planning will result.

The Federal Government is already contributing from 50 to 90 percent of the cost of a wide variety of projects ranging from sewer facilities to beautification projects. We see no reason why the Federal contribution as set forth in programs which are already now part of

the law are not predicated on the condition that the assisted project fit into a coordinated plan.

Last year, a bill which would have made areawide planning a condition for Federal participation in local programs was approved by the Senate. We feel that that bill, S. 561, would be a more appropriate measure for the stimulation of metropolitan planning, at no additional expense for the Federal Government.

ADMINISTRATOR TO CONTROL PRIVATE DEVELOPMENT

This legislation would require that any land development or uses which have a major impact on the development of the area, whether federally assisted or not, must be carried out in conformance with the comprehensive plan approved by the Secretary of the Department of Housing and Urban Development. Thus, not only would the Secretary have a stranglehold over the projects which receive Federal aid, but also any other construction or development in a metropolitan area. He would have this by virtue of the fact that the supplemental Federal share on federally assisted projects can be withheld unless all development having metropolitanwide or interjurisdictional significance, is in accord with the plan.

While it is desirable that all development proceed in an orderly manner, we do not feel that it is necessary or in keeping with American tradition to give the Secretary such great power over city development.

FEDERAL SUBSIDY SHOULD BE BASED ON NEED

Some of the projects which under this legislation would receive an additional 20 percent Federal aid are not under the administration of the Department of Housing and Urban Development nor the jurisdiction of the Banking and Currency Committee. If additional subsidy is needed by localities for the development of waste treatment works or outdoor recreational facilities, administered by the Department of the Interior, or if the Federal share of Federal highway programs and public works and development facilities administered by the Department of Commerce; or airport planning and development administered by the Federal Aviation Agency, then let those congressional committees which have responsibility for these programs recommend an increase in the Federal share. It would be far better that the increase be based on the operation of each program and the needs not now being filled than that there be an across-the-board 20-percent increase in the Federal share.

SMALL CITIES FINALLY REMEMBERED

Title III setting up urban information and technical assistance services is a belated recognition that small cities are not in a position to benefit from either the demonstration cities program or the metropolitan development program. Although it has been stated again and again by supporters of the two programs that they would be for both large and small cities, it is evident that the small city civic organizations are not even aware of the Federal subsidies now available, to say nothing of their inability to meet the planning requirements. This prompted acceptance of title III of the bill which would

provide a means by which a small community with a population of 25,000 or less can receive from the Federal Government, grants up to 50 percent of the cost of the operation of technical assistance and urban needs centers.

FEDERAL BUDGET EQUALS THE SUM OF ITS PARTS

There is no convincing evidence that the administration intends to cut back its demands for domestic Federal expenditures. We have no assurance that a tax increase is going to be recommended to finance the additional billions of dollars now being approved for both military and domestic expenditures. In the absence of measures bringing about an increase in receipts, it is unrealistic to suggest that we pay something on the Federal debt, as the Treasury Department testified, unless we take action that will lead to that end. We have yet to see a Federal budget that does not equal the sum of its parts. This bill would authorize an increase in spending of \$1 billion.

We cannot expect others to show restraint unless we, too, are willing to do so. It is extremely difficult to cut back on established programs but it is possible to either postpone or reject proposed new programs.

We suggest that the welfare of this Nation could best be served by such action.

WALLACE F. BENNETT.

JOHN G. TOWER.

STROM THURMOND.

BOURKE B. HICKENLOOPER.



89TH CONGRESS
2D SESSION

Calendar No. 1404

S. 3708

[Report No. 1439]

IN THE SENATE OF THE UNITED STATES

AUGUST 9, 1966

Mr. MUSKIE, from the Committee on Banking and Currency, reported the following bill; which was read twice and ordered to be placed on the calendar

A BILL

To assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Demonstration Cities
4 and Metropolitan Development Act of 1966".

1 TITLE I—COMPREHENSIVE CITY DEMONSTRA-
2 TION PROGRAMS

3 FINDINGS AND DECLARATION OF PURPOSE

4 SEC. 101. The Congress hereby finds and declares that
5 improving the quality of urban life is the most critical do-
6 mestic problem facing the United States. The persistence
7 of widespread urban slums and blight, the concentration of
8 persons of low income in older urban areas, and the unmet
9 needs for additional housing and community facilities and
10 services arising from rapid expansion of our urban popula-
11 tion have resulted in a marked deterioration in the quality
12 of the environment and the lives of large numbers of our
13 people while the Nation as a whole prospers.

14 The Congress further finds and declares that cities, of
15 all sizes, do not have adequate resources to deal effectively
16 with the critical problems facing them, and that Federal
17 assistance in addition to that now authorized by the urban
18 renewal program and other existing Federal grant-in-aid
19 programs is essential to enable cities to plan, develop, and
20 conduct programs to improve their physical environment,
21 increase their supply of adequate housing for low- and mod-
22 erate-income people, and provide educational and social
23 services vital to health and welfare.

24 The purposes of this title are to provide additional finan-

1 cial and technical assistance to enable cities of all sizes (with
2 equal regard to the problems of small as well as large cities)
3 to plan, develop, and carry out locally prepared and sched-
4 uled comprehensive city demonstration programs containing
5 new and imaginative proposals to rebuild or revitalize large
6 slum and blighted areas; to expand housing, job, and income
7 opportunities; to reduce dependence on welfare payments; to
8 improve educational facilities and programs; to combat dis-
9 ease and ill health; to reduce the incidence of crime and de-
10 linquency; to enhance recreational and cultural opportunities;
11 to establish better access between homes and jobs; and gen-
12 erally to improve living conditions for the people who live
13 in such areas, and to accomplish these objectives through the
14 most effective and economical concentration and coordina-
15 tion of Federal, State, and local public and private efforts
16 to improve the quality of urban life.

17 BASIC AUTHORITY

18 SEC. 102. The Secretary of Housing and Urban De-
19 velopment (hereinafter referred to as the "Secretary") is
20 authorized to make grants and provide technical assistance,
21 as provided by this title, to enable city demonstration agen-
22 cies (as defined in section 112 (2)) to plan, develop, and
23 carry out comprehensive city demonstration programs in ac-
24 cordance with the purposes of this title.

1 ELIGIBILITY FOR ASSISTANCE

2 SEC. 103. (a) A comprehensive city demonstration
3 program is eligible for assistance under sections 105 and
4 107 only if—

5 (1) physical and social problems in the area of
6 the city covered by the program are such that a compre-
7 hensive city demonstration program is necessary to carry
8 out the policy of the Congress as expressed in section
9 101;

10 (2) the program is of sufficient magnitude to make
11 a substantial impact on the physical and social prob-
12 lems and to remove or arrest blight and decay in entire
13 sections or neighborhoods; to contribute to the sound
14 development of the entire city; to make marked prog-
15 ress in reducing social and educational disadvantages,
16 ill health, underemployment, and enforced idleness; and
17 to provide educational, health, and social services neces-
18 sary to serve the poor and disadvantaged in the area,
19 widespread citizen participation in the program, maxi-
20 mum opportunities for employing residents of the area
21 in all phases of the program, and enlarged opportunities
22 for work and training;

23 (3) the program, including rebuilding or restora-
24 tion, will contribute to a well-balanced city with a sub-
25 stantial increase in the supply of standard housing of

low and moderate cost, maximum opportunities in the choice of housing accommodations for all citizens of all income levels, adequate public facilities (including those needed for education, health and social services, transportation and recreation), commercial facilities adequate to serve the residential areas, and ease of access between the residential areas and centers of employment;

(4) the various projects and activities to be undertaken in connection with such programs are scheduled to be initiated within a reasonably short period of time; adequate local resources are, or will be, available for the completion of the program as scheduled; administrative machinery is available at the local level for carrying out the program on a consolidated and coordinated basis; substantive local laws, regulations, and other requirements are, or can be expected to be, consistent with the objectives of the program; there exists a relocation plan meeting the requirements of the regulations referred to in section 107; the local governing body has approved the program and, where appropriate, applications for assistance under the program; agencies whose cooperation is necessary to the success of the program have indicated their intent to furnish such cooperation; the program is consistent with comprehensive planning in the entire urban or metropolitan area; and the locality

1 will maintain, during the period an approved compre-
2 hensive city demonstration program is being carried out,
3 a level of aggregate expenditures for activities similar
4 to those being assisted under this title which is not less
5 than the level of aggregate expenditures for such activi-
6 ties prior to initiation of the comprehensive city demon-
7 stration program; and

8 (5) the program meets such additional require-
9 ments as the Secretary may establish to carry out the
10 purposes of this title.

11 (b) In implementing this title the Secretary shall—

12 (1) emphasize local initiative in the planning, de-
13 velopment, and implementation of comprehensive city
14 demonstration programs;

15 (2) insure, in conjunction with other appropriate
16 Federal departments and agencies and at the direction
17 of the President, maximum coordination of Federal as-
18 sistance provided in connection with this title, prompt
19 response to local initiative, and maximum flexibility in
20 programing, consistent with the requirements of law
21 and sound administrative practice; and

22 (3) encourage city demonstration agencies to (A)
23 enhance neighborhoods by applying a high standard of
24 design, (B) maintain, as appropriate, natural and his-
25 toric sites and distinctive neighborhood characteristics,

1 and (C) make maximum possible use of new and im-
2 proved technology and design, including cost reduction
3 techniques.

4 FINANCIAL ASSISTANCE FOR PLANNING COMPREHENSIVE
5 CITY DEMONSTRATION PROGRAMS

6 SEC. 104. (a) The Secretary is authorized to make
7 grants to, and to contract with, city demonstration agencies
8 to pay 80 per centum of the costs of planning and develop-
9 ing comprehensive city demonstration programs.

10 (b) Financial assistance will be provided under this
11 section only if (1) the application for such assistance has
12 been approved by the local governing body of the city, and
13 (2) the Secretary has determined that there exist (A) ad-
14 ministrative machinery through which coordination of all
15 related planning activities of local agencies can be achieved,
16 and (B) evidence that necessary cooperation of agencies
17 engaged in related local planning can be obtained.

18 FINANCIAL ASSISTANCE FOR APPROVED COMPREHENSIVE
19 CITY DEMONSTRATION PROGRAMS

20 SEC. 105. (a) The Secretary is authorized to approve
21 comprehensive city demonstration programs if, after review
22 of the plans, he determines that such plans satisfy the criteria
23 for such programs set forth in section 103.

24 (b) The Secretary is authorized to make grants to, and
25 to contract with, city demonstration agencies to pay 80 per

1 centum of the cost of administering approved comprehensive
2 city demonstration programs, but not the cost of adminis-
3 tering any project or activity assisted under a Federal grant-
4 in-aid program.

5 (c) To assist the city to carry out the projects or activ-
6 ities included within an approved comprehensive city dem-
7 onstration program, the Secretary is authorized to make
8 grants to the city demonstration agency of not to exceed
9 80 per centum of the aggregate amount of non-Federal
10 contributions otherwise required to be made to all projects
11 or activities assisted by Federal grant-in-aid programs (as
12 defined in section 112 (1)) which are carried out in connec-
13 tion with such demonstration program: *Provided*, That no
14 Federal grant-in-aid program shall be considered to be car-
15 ried out in connection with such demonstration program
16 unless it is closely related to the physical and social problems
17 in the area of the city covered by the program and unless
18 it can reasonably be expected to have a noticeable effect
19 upon such problems. The specific amount of any such grant
20 shall take into account the number and intensity of the
21 economic and social pressures in the sections or neighbor-
22 hoods involved, such as those involving or resulting from
23 population density, poverty levels, unemployment rate, pub-
24 lic welfare participation, educational levels, health and dis-
25 ease characteristics, crime and delinquency rate, and degree

1 of substandard and dilapidated housing. The amount of
2 non-Federal contribution required for each project in a
3 Federal grant-in-aid program shall be certified to the Secre-
4 tary by the Federal department or agency (other than the
5 Department of Housing and Urban Development) admin-
6 istering such program, and the Secretary shall accept such
7 certification in computing the grants hereunder.

8 (d) Grant funds provided to assist projects and activ-
9 ities included within an approved comprehensive city demon-
10 stration program pursuant to subsection (c) of this section
11 shall be made available to assist new and additional projects
12 and activities not assisted under a Federal grant-in-aid pro-
13 gram. To the extent such funds are not necessary to support
14 fully such new and additional projects and activities, they
15 may be used and credited as part or all of the required non-
16 Federal contribution to projects or activities, assisted under
17 a Federal grant-in-aid program, which are part of an ap-
18 proved comprehensive city demonstration program. Such
19 grant funds, however, shall not be used—

20 (1) for the general administration of local govern-
21 ments; or

22 (2) to replace non-Federal contributions in any
23 federally aided project or activity included in an ap-
24 proved comprehensive city demonstration program, if

1 prior to the filing of an application for assistance under
2 section 104 an agreement has been entered into with
3 any Federal agency obligating such non-Federal con-
4 tributions with respect to such project or activity.

5 TECHNICAL ASSISTANCE

6 SEC. 106. The Secretary is authorized to undertake such
7 activities as he determines to be desirable to provide, either
8 directly or by contracts or other arrangements, technical
9 assistance to city demonstration agencies to assist such agen-
10 cies in planning, developing, and administering compre-
11 hensive city demonstration programs.

12 RELOCATION REQUIREMENTS AND PAYMENTS

13 SEC. 107. (a) A comprehensive city demonstration
14 program shall include a plan for the relocation of individuals,
15 families, business concerns, and nonprofit organizations dis-
16 placed or to be displaced in the carrying out of such pro-
17 gram. The relocation plan shall be consistent with regu-
18 lations prescribed by the Secretary to assure that (1) the
19 provisions and procedures included in the plan meet relo-
20 cation standards equivalent to those prescribed under sec-
21 tion 105 (c) of the Housing Act of 1949 with respect to
22 urban renewal projects assisted under title I of that Act,
23 and (2) relocation activities are coordinated to the maxi-
24 mum extent feasible with the increase in the supply of decent,

1 safe, and sanitary housing for families and individuals of low
2 or moderate income, as provided under the comprehensive
3 city demonstration program, or otherwise, in order to best
4 maintain the available supply of housing for all such families
5 and individuals throughout the city.

6 (b) (1) To the extent not otherwise authorized under
7 any Federal law, financial assistance extended to a city
8 demonstration agency under section 105 shall include grants
9 to cover the full cost of relocation payments, as herein de-
10 fined. Such grants shall be in addition to other financial
11 assistance extended to such agency under section 105.

12 (2) The term "relocation payments" means payments
13 by a city demonstration agency to a displaced individual,
14 family, business concern, or nonprofit organization which
15 are made on such terms and conditions and subject to such
16 limitations (to the extent applicable, but not including the
17 date of displacement) as are provided for relocation pay-
18 ments, at the time such payments are approved, by sections
19 114 (b), (c), (d), and (e) of the Housing Act of 1949
20 with respect to projects assisted under title I thereof.

21 (c) Subsection (b) shall not be applicable with respect
22 to any displacement occurring prior to the date of the enact-
23 ment of this Act.

1 CONTINUED AVAILABILITY OF FEDERAL GRANT-IN-AID
2 PROGRAMS

3 SEC. 108. Notwithstanding any other provision of law,
4 unless hereafter enacted expressly in limitation of the pro-
5 visions of this section, funds appropriated for a Federal
6 grant-in-aid program which are reserved for any projects or
7 activities assisted under such grant-in-aid program and un-
8 dertaken in connection with an approved comprehensive city
9 demonstration program shall remain available until expended.

10 CONSULTATION

11 SEC. 109. In carrying out the provisions of this title,
12 including the issuance of regulations, the Secretary shall
13 consult with other Federal departments and agencies ad-
14 ministering Federal grant-in-aid programs. The Secretary
15 shall consult with each Federal department and agency
16 affected by each comprehensive city demonstration program
17 before entering into a commitment to make grants for
18 such program under section 105.

19 LABOR STANDARDS

20 SEC. 110. (a) All laborers and mechanics employed
21 by contractors or subcontractors in the construction, re-
22 habilitation, alteration, or repair of projects which—

23 (1) are federally assisted in whole or in part under
24 this title and

(2) are not otherwise subject to section 212 of the National Housing Act, section 16(2) of the United State Housing Act of 1937, section 109 of the Housing Act of 1949, or any other provision of Federal law imposing labor standards on federally assisted construction,

shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5) : *Provided*, That this section shall apply to the construction, rehabilitation, alteration, or repair of residential property only if such residential property is designed for residential use for eight or more families. No financial assistance shall be extended to any such projects unless adequate assurance is first obtained that these labor standards will be maintained upon the construction work.

(b) The Secretary of Labor shall have, with respect to labor standards specified in subsection (a), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c), and the Contract Work Hours Standards Act (76 Stat. 357).

APPROPRIATIONS

SEC. 111. (a) There are authorized to be appropriated, for the purpose of financial assistance and administrative expenses under section 104, not to exceed \$12,000,000 for the fiscal year ending June 30, 1967, and not to exceed \$12,000,000 for the fiscal year ending June 30, 1968.

(b) There are authorized to be appropriated, for the purpose of financial assistance and administrative expenses under sections 105, 106, and 107, not to exceed \$400,000,-000 for the fiscal year ending June 30, 1968, and not to exceed \$500,000,000 for the fiscal year ending June 30, 1969.

(c) Appropriations authorized under this section shall remain available until expended.

DEFINITIONS

SEC. 112. As used in this title—

(1) “Federal grant-in-aid program” means a program of Federal financial assistance other than loans and other than the assistance provided by this title.

(2) "City demonstration agency" means the city or any local public agency established or designated by the local governing body to administer the comprehensive city demonstration program.

(3) “City” means any municipality (or two or more municipalities acting jointly) or, with respect to urban areas

1 outside of incorporated municipalities, any county or other
2 public body (or two or more acting jointly) having general
3 governmental powers.

4 (4) "Local" agencies include State agencies and in-
5 strumentalities providing services or resources to a city or
6 locality, and "local" resources include those provided to a
7 city or locality by a State or its agency or instrumentality.

8 GRANT AUTHORITY FOR URBAN RENEWAL PROJECTS
9 WHICH ARE PART OF APPROVED COMPREHENSIVE
10 CITY DEMONSTRATION PROGRAMS

11 SEC. 113. Section 103 (b) of the Housing Act of 1949
12 is amended by inserting after the first sentence the follow-
13 ing new sentence: "In addition to the authority to make
14 grants provided in the first sentence of this subsection, the
15 Secretary may contract to make grants under this title, on or
16 after July 1, 1967, in an amount not to exceed \$250,000,-
17 000: *Provided*, That the authority to contract to make
18 grants provided by this sentence shall be exercised only
19 with respect to an urban renewal project which is identified
20 and scheduled to be carried out as one of the projects or
21 activities included within an approved comprehensive city
22 demonstration program assisted under the provisions of sec-
23 tion 105 (c) of the Demonstration Cities and Metropolitan
24 Development Act of 1966".

1 TITLE II—PLANNED METROPOLITAN
2 DEVELOPMENT

3 FINDINGS AND DECLARATION OF PURPOSE

4 SEC. 201. (a) The Congress hereby finds that the
5 welfare of the Nation and of its people is directly dependent
6 upon the sound and orderly development and the effective
7 organization and functioning of the metropolitan areas in
8 which two-thirds of its people live and work.

9 It further finds that the continuing rapid growth of these
10 areas makes it essential that they prepare, keep current, and
11 carry out comprehensive plans and programs for their
12 orderly physical development with a view to meeting
13 efficiently all their economic and social needs.

14 It further finds that metropolitan areas are especially
15 handicapped in this task by the complexity and scope of
16 governmental services required in such rapidly growing
17 areas, the multiplicity of political jurisdictions and agencies
18 involved, and the inadequacy of the operational and admin-
19 istrative arrangements available for cooperation among them.

20 It further finds that present requirements for areawide
21 planning and programing in connection with various Federal
22 programs have materially assisted in the solution of metro-
23 politan problems, but that greater coordination of Federal
24 programs and additional participation and cooperation are

1 needed from the States and localities in perfecting and carry-
2 ing out such efforts.

3 (b) It is the purpose of this title to provide, through
4 greater coordination of Federal programs and through sup-
5 plementary grants for certain federally assisted develop-
6 ment projects, additional encouragement and assistance to
7 States and localities for making comprehensive metropolitan
8 planning and programing effective.

9 COOPERATION BETWEEN FEDERAL AGENCIES

10 SEC. 202. In order to insure that all Federal programs
11 related to metropolitan development are carried out in a co-
12 ordinated manner—

13 (1) the Secretary is authorized to call upon other
14 Federal agencies to supply such statistical data, pro-
15 gram reports, and other materials as he deems necessary
16 to discharge his responsibilities for metropolitan devel-
17 opment, and to assist the President in coordinating the
18 metropolitan development efforts of all Federal agen-
19 cies; and

20 (2) all Federal agencies which are engaged in
21 administering programs related to metropolitan develop-
22 ment, or which otherwise perform functions relating
23 thereto, shall, to the maximum extent practicable, con-

1 sult with and seek advice from all other significantly
2 affected Federal departments and agencies in an effort
3 to assure fully coordinated programs.

4 METROPOLITAN EXPEDITERS

5 SEC. 203. Upon the request of one or more duly author-
6 ized local officials and after consultation with local govern-
7 mental authorities in a metropolitan area, the Secretary may
8 appoint a metropolitan expediter for such area whenever he
9 finds a need for the services specified in this section. The
10 metropolitan expediter shall provide information, data, and
11 assistance to local authorities and private individuals and
12 entities within the metropolitan area, and to all relevant
13 Federal departments and agencies, with respect to all pro-
14 grams and activities conducted within such metropolitan area
15 by the Department of Housing and Urban Development,
16 and with respect to other public and private activities and
17 needs within such metropolitan area which relate to the
18 programs and activities of the Department.

19 COORDINATION OF FEDERAL AIDS IN METROPOLITAN AREAS

20 SEC. 204. (a) All applications made after June 30,
21 1967, for Federal loans or grants to assist in carrying out
22 open-space land projects or for the planning or construction
23 of hospitals, airports, libraries, water supply and distribution
24 facilities, sewerage facilities and waste treatment works,
25 highways, transportation facilities, and water development

1 and land conservation projects within any metropolitan area
2 shall be submitted for review—

3 (1) to any areawide agency designated to per-
4 form metropolitan or regional planning for the area with-
5 in which the assistance is to be used, and which is, to
6 the greatest practicable extent, composed of or respon-
7 sible to the elected officials of the units of general local
8 government within whose jurisdiction such agency is
9 authorized to engage in such planning, and

10 (2) if made by a special purpose unit of local
11 government, to the unit or units of general local govern-
12 ment with authority to operate in the area within which
13 the project is to be located.

14 (b) (1) Except as provided in paragraph (2) of this
15 subsection, each application shall be accompanied (A)
16 by the comments and recommendations with respect to
17 the project involved by the areawide agency and gov-
18 erning bodies of the units of general local government to
19 which the application has been submitted for review,
20 and (B) by a statement by the applicant that such com-
21 ments and recommendations have been considered prior
22 to formal submission of the application. Such comments
23 shall include information concerning the extent to which the
24 project is consistent with comprehensive planning developed

1 or in the process of development for the metropolitan
2 area or the unit of general local government, as the case
3 may be, and the extent to which such project contributes
4 to the fulfillment of such planning. The comments and
5 recommendations and the statement referred to in this sec-
6 tion shall, except in the case referred to in paragraph (2)
7 of this subsection, be reviewed by the agency of the Federal
8 Government to which such application is submitted for
9 the sole purpose of assisting it in determining whether the
10 application is in accordance with the provisions of Federal
11 law which govern the making of the loans or grants.

12 (2) An application for a Federal loan or grant need
13 not be accompanied by the comments and recommendations
14 and the statements referred to in paragraph (1) of this sub-
15 section, if the applicant certifies that a plan or description
16 of the project, meeting the requirements of such rules and
17 regulations as may be prescribed under subsection (c), or
18 such application, has lain before an appropriate areawide
19 agency or instrumentality or unit of general local govern-
20 ment for a period of sixty days without comments or recom-
21 mendations thereon being made by such agency or instru-
22 mentality.

23 (3) The requirements of paragraphs (1) and (2)
24 shall also apply to any amendment of the application which,
25 in light of the purposes of this title, involves a major change

1 in the project covered by the application prior to such
2 amendment.

3 (c) The Bureau of the Budget, or such other agency as
4 may be designated by the President, is hereby authorized to
5 prescribe such rules and regulations as are deemed appropri-
6 ate for the effective administration of this section.

7 GRANTS TO ASSIST IN PLANNED METROPOLITAN
8 DEVELOPMENT

9 SEC. 205. (a) The Secretary is authorized to make
10 supplementary grants to applicant State and local public
11 bodies and agencies carrying out, or assisting in carrying
12 out, metropolitan development projects meeting the require-
13 ments of this section.

14 (b) Grants may be made under this section only for
15 metropolitan development projects in metropolitan areas
16 for which it has been demonstrated, to the satisfaction of the
17 Secretary, that—

18 (1) metropolitanwide comprehensive planning and
19 programing provide an adequate basis for evaluating

20 (A) the location, financing, and scheduling of individ-
21 ual public facility projects (including, but not limited
22 to hospitals and libraries; sewer, water, and sewage
23 treatment facilities; highway, mass transit, airport, and
24 other transportation facilities; and recreation and other
25 open-space areas) whether or not federally assisted; and

1 (B) other proposed land development or uses, which
2 projects or uses, because of their size, density, type, or
3 location, have public metropolitanwide or interjurisdic-
4 tional significance;

5 (2) adequate metropolitanwide institutional or
6 other arrangements exist for coordinating, on the basis
7 of such metropolitanwide comprehensive planning and
8 programing, local public policies and activities affecting
9 the development of the area; and

10 (3) public facility projects and other land develop-
11 ment or uses which have a major impact on the develop-
12 ment of the area are, in fact, being carried out in accord
13 with such metropolitanwide comprehensive planning
14 and programing.

15 (c) (1) Where the applicant for a grant under this sec-
16 tion is a unit of general local government, it must demon-
17 strate to the satisfaction of the Secretary that, taking into
18 consideration the scope of its authority and responsibilities
19 it is adequately assuring that public facility projects and
20 other land development or uses of public metropolitanwide
21 or interjurisdictional significance are being, and will be,
22 carried out in accord with metropolitan planning and pro-
23 graming meeting the requirements of subsection (b). In
24 making this determination the Secretary shall give special
25 consideration to whether the applicant is effectively assisting

1 in, and conforming to, metropolitan planning and program-
2 ing through (A) the location and scheduling of public
3 facility projects, whether or not federally assisted; and (B)
4 the establishment and consistent administration of zoning
5 codes, subdivision regulations, and similar land-use and
6 density controls.

7 (2) Where the applicant for a grant under this section
8 is not a unit of general local government, both it and the unit
9 of general local government having jurisdiction over the
10 location of the project must meet the requirements of this
11 subsection.

12 (d) In making the determinations required under this
13 section, the Secretary shall obtain, and give full considera-
14 tion to, the comments of the body or bodies (State or local)
15 responsible for comprehensive planning and programing for
16 the metropolitan area.

17 (e) No grant shall be made under this section with re-
18 spect to a metropolitan development project for which a Fed-
19 eral grant has been made or a contract of assistance has been
20 entered into, under the legislation referred to in paragraph
21 (2) of section 208, prior to February 21, 1966, or more than
22 one year prior to the date on which the Secretary has made
23 the determinations required under this section with respect to
24 the applicant and to the area in which the project is located:
25 *Provided*, That in the case of a project for which a contract

1 of assistance under the legislation referred to in paragraph
2 (2) of section 208 has been entered into after June 30,
3 1967, no grant shall be made under this section unless an
4 application for such grant has been made on or before the
5 date of such contract.

6 EXTENT OF GRANT

7 SEC. 206. (a) A grant under section 205 shall not
8 exceed (1) 20 per centum of the cost of the project for
9 which the grant is made; nor (2) the Federal grant made
10 with respect to the project under the legislation referred to
11 in paragraph (2) of section 208. In no case shall the
12 total Federal contributions to the cost of such project be
13 more than 80 per centum. Notwithstanding any other pro-
14 vision of law, including requirements with respect to non-
15 Federal contributions, grants under section 205 shall be
16 eligible for inclusion (directly or through refunds or credits)
17 as part of the financing for such projects: *Provided*, That
18 projects or activities on the basis of which assistance is pro-
19 vided under section 105 (c) shall not be eligible for assist-
20 ance under section 205.

21 (b) There are authorized to be appropriated for grants
22 under section 205 not to exceed \$25,000,000 for the fiscal
23 year ending June 30, 1967, and not to exceed \$50,000,000
24 for the fiscal year ending June 30, 1968. Appropriations

1 authorized under this section shall remain available until
2 expended.

3 CONSULTATION AND CERTIFICATION

4 SEC. 207. In carrying out his authority under section
5 205, including the issuance of regulations, the Secretary shall
6 consult with the Department of the Interior; the Department
7 of Health, Education, and Welfare; the Department of
8 Commerce; and the Federal Aviation Agency with respect
9 to metropolitan development projects assisted by those de-
10 partments and agencies; and he shall, for the purpose of
11 section 206, accept their respective certifications as to the
12 cost of those projects and the amount of the non-Federal
13 contribution paid or to be paid to that cost.

14 DEFINITIONS

15 SEC. 208. As used in this title—

16 (1) “Metropolitan development” means all projects or
17 programs for the acquisition, use, and development of open
18 space land; and the planning and construction of hospitals,
19 libraries, airports, water supply and distribution facilities,
20 sewerage facilities and waste treatment works, transporta-
21 tion facilities, highways, water development and land con-
22 servation, and other public works facilities.

23 (2) “Metropolitan development project” means a proj-
24 ect assisted or to be assisted under section 702 of the

1 Housing and Urban Development Act of 1965; title II of the
2 Library Services and Construction Act; section 606 of the
3 Public Health Service Act; section 8 of the Federal Water
4 Pollution Control Act; section 120 (a) of title 23, United
5 States Code; section 9 of the Federal Airport Act; section 3
6 of the Urban Mass Transportation Act of 1964; title VII
7 of the Housing Act of 1961; section 5 (e) of the Land and
8 Water Conservation Fund Act of 1965; or section 101
9 (a) (1) of the Public Works and Economic Development
10 Act of 1965 (for a project of a type which the Secretary
11 determines to be eligible for assistance under the other pro-
12 visions listed above).

13 (3) "State" means any State of the United States, the
14 District of Columbia, the Commonwealth of Puerto Rico,
15 any territory or possession of the United States, or an agency
16 or instrumentality of any of the foregoing.

17 (4) "Metropolitan area" means a standard metro-
18 politan statistical area as established by the Bureau of the
19 Budget, subject however to such modifications and exten-
20 sions as the Secretary may determine to be appropriate for
21 the purposes of this title.

22 (5) "Comprehensive planning" includes the following,
23 to the extent directly related to area needs or needs of a unit
24 of general local government, (A) preparation, as a guide
25 for long-range development, of general physical plans with

1 respect to the pattern and intensity of land use and the pro-
2 vision of public facilities, including transportation facilities;
3 (B) programming of capital improvements based on a de-
4 termination of relative urgency; (C) long-range fiscal plans
5 for implementing such plans and programs; and (D) pro-
6 posed regulatory and administrative measures which aid in
7 achieving coordination of all related plans of the departments
8 or subdivisions of the governments concerned and intergov-
9 ernmental coordination of related planned activities among
10 the State and local governmental agencies concerned.

11 (6) "Hospital" means any public health center or gen-
12 eral, tuberculosis, mental, chronic disease, and other type of
13 hospital and related facilities, such as laboratories, outpatient
14 departments, nurses' home and training facilities, and central
15 service facilities normally operated in connection with hos-
16 pitals, but does not include any hospital furnishing primarily
17 domiciliary care.

18 (7) "Areawide agency" means an official State or
19 metropolitan or regional agency empowered under State or
20 local laws or under an interstate compact or agreement to
21 perform comprehensive planning in an area; an organiza-
22 tion of the type referred to in section 701 (g) of the Housing
23 Act of 1954; or such other agency or instrumentality as
24 may be designated by the Governor (or, in the case of
25 metropolitan areas crossing State lines, any one or more of

1 such agencies or instrumentalities as may be designated by
 2 the Governors of the States involved) to perform such
 3 planning.

4 (8) "Special purpose unit of local government" means
 5 any special district, public-purpose corporation, or other
 6 limited-purpose political subdivision of a State, but shall not
 7 include a school district.

8 (9) "Unit of general local government" means any city,
 9 county, town, parish, village, or other general-purpose po-
 10 litical subdivision of a State.

11 (10) "Secretary" means the Secretary of Housing and
 12 Urban Development.

13 TITLE III—URBAN INFORMATION AND TECH- 14 NICAL ASSISTANCE SERVICES

15 PURPOSE

16 SEC. 301. It is the purpose of this title to assist States
 17 and metropolitan area agencies to make available informa-
 18 tion and data on urban needs and assistance programs and
 19 activities through centers established for such purpose, and
 20 to provide technical assistance through such centers to small
 21 communities with respect to the solution of urban problems.

22 GRANT AUTHORITY

23 SEC. 302. (a) The Secretary is authorized to make
 24 grants to States and metropolitan-area agencies to help
 25 finance programs for the assembly, correlation, and dissemi-

1 nation of information and data needed for improving, coor-
2 dinating, and more effectively utilizing governmental and
3 other programs and activities available for the solution of lo-
4 cal urban problems and to provide technical assistance to
5 small communities with respect to the solution of such prob-
6 lems. Activities aided by such grants shall include—

7 (1) the planning and establishment of urban in-
8 formation and technical assistance centers;

9 (2) the assembly, correlation, and dissemination of
10 urban physical, social, and economic development in-
11 formation and data through such centers for the pur-
12 pose of informing local governments, organizations, and
13 individuals of the availability and status of Federal,
14 State, and local programs and other resources and data
15 for the solution of urban problems; and

16 (3) providing, through such centers, technical as-
17 sistance with respect to the solution of urban problems
18 to any small community requesting such assistance.

19 (b) A program assisted under this section shall—

20 (1) specify the information and technical assist-
21 ance activities to be carried on and justify the needs for
22 and costs of such activities; and

23 (2) represent substantially increased or improved
24 activities on the part of the applicant State or metro-
25 politan-area agency.

1 EXTENT OF ACTIVITIES

2 SEC. 303. (a) An urban information and technical
3 assistance center established by a metropolitan-area agency
4 under this title shall be directed primarily to the provision
5 of (1) informational services of general metropolitanwide
6 utility, and (2) informational services and technical assist-
7 ance of utility to the communities within that metropolitan
8 area.

(b) An urban information and technical assistance center established by a State under this title shall be directed primarily to the provision of (1) informational services of general statewide utility, and (2) informational services and technical assistance of utility to communities not within metropolitan areas for which information centers have been established under this title.

16 AMOUNT OF GRANT

17 SEC. 304. (a) A grant under this section shall not
18 exceed 50 per centum of the cost of the activities carried
19 on under an approved urban information and technical assist-
20 ance program.

(b) No grant shall be made under this title to assist in assembling data, or providing information, to be used primarily in the day-to-day operations of State or local governing bodies and agencies.

FEDERAL COOPERATION

SEC. 305. Federal departments and agencies shall cooperate with States and metropolitan-area agencies in providing information to assist in carrying out the purpose of this title.

DEFINITIONS

SEC. 306. As used in this title—

(1) “State” means any State of the United States, the Commonwealth of Puerto Rico, the Virgin Islands, or an agency or instrumentality designated by the chief executive of any of the foregoing.

(2) “Metropolitan area” means a standard metropolitan statistical area as established by the Bureau of the Budget, subject however to such modifications and extensions as the Secretary may determine to be appropriate.

(3) “Metropolitan-area agency” means (A) an organization or body composed of public officials which the Secretary determines to be representative of the political jurisdictions encompassing a metropolitan area; or (B) where no such organization exists and can qualify for a grant under this title, a public body or agency (i) designated by the governing body of that political jurisdiction within the area which contains the largest population, according to the most recent decennial census, and (ii) concurred in by other local political jurisdictions which, together with the designating juris-

1 diction, contain at least two-thirds of the population of the
2 area.

3 (4) "Small community" means any municipality or
4 other political subdivision of a State having a population of
5 twenty-five thousand or less.

6 (5) "Secretary" means the Secretary of Housing and
7 Urban Development.

8 **APPROPRIATIONS**

9 SEC. 307. There are authorized to be appropriated for
10 the purpose of carrying out the provisions of this title not
11 to exceed \$5,000,000 for the fiscal year ending June 30,
12 1967, and not to exceed \$10,000,000 for the fiscal year end-
13 ing June 30, 1968. Appropriations authorized under this
14 section shall remain available until expended.

A BILL

To assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes.

By Mr. MUSKIE

AUGUST 9, 1966

Read twice and ordered to be placed on the calendar

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued August 19, 1966
For actions of August 18, 1966
89th-2nd; No. 137

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HIGHLIGHTS: Senate agreed to conference report on small reclamation projects bill.
Motion to report REA financing bill was defeated in House subcommittee.

HOUSE

1. REA FINANCING. The "Daily Digest" states that a motion to report a committee print of H. R. 14837, the REA financing bill, was defeated in a subcommittee of the Agriculture Committee. p. D779
2. INDEPENDENT OFFICES APPROPRIATION BILL. Agreed to the conference report on this bill, H. R. 14921. Rejected, 176-190, a motion by Rep. Jonas to recommit the bill to conference with instructions to insist that the provision to effectuate the Participation Sales Act be deleted. pp. 19045-66, 19098-9

3. HIGHWAY SAFETY. Passed, 317-3, with amendments H. R. 13290, to provide for highway safety research and development, certain highway safety programs, a national driver register, and a highway accident research and test facility. pp. 19066-86
4. INTEREST RATES. Rep. Patman said he would request floor consideration of H. R. 14026, to hold down interest rates, etc., on Sept. 12. pp. 19044-5
5. HIDE EXPORTS. Rep. Burke defended export controls on cattle hides. pp. 19087-8
6. ECONOMY. Rep. Curtis discussed the status of the economy and suggested actions to assure stability. pp. 19094-6
7. DATA CENTER. Rep. Gallagher questioned the proposed National Data Center as an invasion of privacy. pp. 19099-103
8. WATER POLLUTION. The Public Works Committee voted to report (but did not actually report) H. R. 16076, "to improve and make more effective" the Water Pollution Control Act. p. D780
9. LEGISLATIVE PROGRAM for next week was announced by Rep. Albert: Mon., D. C. bills; remainder of the week, various bills, including rural community developments districts, child nutrition, Department of Transportation, and HemisFair Exposition. p. 19093
10. ADJOURNED until Mon., Aug. 22. p. 19117

SENATE

11. PERSONNEL; RETIREMENT. The Commerce Committee reported with an amendment S. 699, to provide for inclusion of certain periods of reemployment of annuitants for the purpose of computing annuities of their surviving spouses (S. Rept. 1481). p. 18934
12. RECLAMATION. Agreed to the second (revised) conference report on S. 602, to amend the Small Reclamation Projects Act of 1956. As reported the bill deletes the provision in the House version that would have extended the Act to the eastern States. pp. 18994-5
13. APPROPRIATIONS. Passed, 86-0, with amendments H. R. 15941, the defense appropriation bill, which includes funds for milk for military personnel which previously has been financed by USDA. pp. 18963, 18970-99
14. DEMONSTRATION CITIES. Began debate on S. 3708, the demonstration cities and metropolitan development bill. pp. 18999, 19007-30
15. BANKING. The Banking and Currency Committee reported with an amendment S. 3158, to strengthen the regulatory and supervisory authority of Federal agencies over insured banks and insured savings and loan associations (S. Rept. 1482). p. 18934
16. TRAFFIC SAFETY. Conferees were appointed on S. 3005, to establish motor vehicle safety standards. House conferees have not yet been appointed. pp. 18999-19004

humane care of animals? If our citizens are willing to support government subsidies for research involving laboratory animals, why should not the government implant humanity and morality into this procedure?

In connection with our deliberations, I welcome the statement of Dr. James A. Shannon, Director of NIH, one of the principal agencies conducting and sponsoring scientific research. Dr. Shannon yesterday told this committee that a study of the need for regulation in the animal experimental field is now underway jointly by the PHS and HEW. The study is being conducted with the goal of making a determination of the necessity for legislation, and, if needed, what kind of legislation. Such a study will, I am confident, be valuable as a source of information. I am heartened that HEW and PHS are coming to grips with this matter. I understand that you, Mr. Chairman, directed Dr. Shannon to provide this committee with a report of the findings of the study. I look forward with interest and anticipation to the results.

Meanwhile, Mr. Chairman, I say in all seriousness that I fail to understand why mention of a licensing provision in our bills causes consternation among research scientists. We proposed that individuals engaged in experimentation with animals be required to obtain a license from an appropriate agency which will be staffed with people qualified to issue licenses to those scientists who met stated standards. By the very act of applying for and, subsequently obtaining a license, the individual scientist would acknowledge a personal responsibility for his work, for the way he cares for the animals he uses, for the records he keeps in connection with his experiments. In short, he, himself, is responsible, not his supervisor or his employer. Thus, a good deal of unnecessary and unlawful mistreatment of animals will be prevented at the source, the laboratory worker.

Under this bill, the intent is to provide for a small, efficient number of highly trained and qualified inspectors. It will be their job to see that the law is being faithfully adhered to. They will have the authority to inspect laboratory facilities, determine the condition of animals being used and examine records of experiments to determine if they are being conducted in consonance with humane and scientific practices. In short, the enforcement official will function as far more than merely a kennel inspector.

Any scientist using animals for research which benefits human life has a moral obligation to justify his work, to limit pain as far as he can, and to give considerate care to the animals he is using in the interest of scientific research. Human carelessness and cruelty toward animals, as we have heard in testimony, is often present in laboratories, and it is always unnecessary. Under this bill, laboratory animals will be anesthetized, when severely painful or prolonged experimentation is necessary, and following the completion of such experiments, the animals must be put to death without being permitted to regain consciousness. In the event of severe injury to an animal, where the preservation of its life is not a scientific necessity, the animal must be mercifully put to death promptly.

Mr. Chairman, let me say that my mail on this subject is very heavy. These letters indicate to me that the American people want a humane treatment bill, but an effective one. I support the Cleveland-Clark bill. I ask you to support it, too.

DINESH KUMAR PODDAR

Mr. MUSKIE. Mr. President, I ask that the Chair lay before the Senate the message from the House of Representatives amending S. 2263.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 2663) for the relief of Dinesh Kumar Poddar which were, to strike out all after the enacting clause and insert:

That, in the administration of the Immigration and Nationality Act, Dinesh Kumar Poddar and Girish Kumar Poddar may be classified as children within the meaning of section 101(b)(1)(F) of the Act, upon approval of petitions filed in their behalf by Mr. and Mrs. Bhagwati P. K. Podar, a lawfully resident alien and a citizen of the United States, respectively, pursuant to section 204 of the Act.

And to amend the title so as to read: "An act for the relief of Dinesh Kumar Poddar and Girish Kumar Poddar."

Mr. MUSKIE. Mr. President, on June 13, 1966, the Senate passed S. 2663 to enable the beneficiary to qualify for immediate relative status as the adopted son of a lawfully resident alien and a citizen of the United States.

On August 16, 1966, the House of Representatives passed S. 2663 with an amendment to include a second adopted son of the same couple to enable him to also qualify for immediate relative status.

I move that the Senate concur in the House amendments to S. 2663.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Maine to concur in the House amendments.

The motion was agreed to.

DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966

The Senate resumed the consideration of the bill (S. 3708) to assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes.

UNANIMOUS-CONSENT AGREEMENT

Mr. TOWER. Mr. President, does the Senator from Maine desire to make a unanimous-consent request?

Mr. MUSKIE. Mr. President, I ask unanimous consent that the debate on the pending bill be limited to 2 hours on the Tower amendment, 1 hour on other amendments, and 4 hours on the bill.

The PRESIDING OFFICER. Is there objection?

Mr. TOWER. Mr. President, reserving the right to object, may I modify that request by noting that the time be controlled on the amendments 30 minutes by the proposer of the amendments and 30 minutes by the Senator from Maine [Mr. MUSKIE], and on the bill 2 hours to be controlled by the Senator from Maine [Mr. MUSKIE] and 2 hours by the Senator from Texas [Mr. TOWER], and may I further modify the request to read that the consent agreement will not go into effect until tomorrow after morning business, so that Members of the Senate who may have any desire to discuss unrelated matters tonight may be free to do so?

Mr. JAVITS. Mr. President, has there been a ruling?

The PRESIDING OFFICER. Is there objection?

Mr. JAVITS. Mr. President, reserving the right to object, I have already communicated this desire to the Senator from Texas. I have no objection except that I be permitted to have a half-hour on the bill.

Mr. TOWER. Mr. President, as I have already assured the Senator from New York, there will be no difficulty in yielding him 30 minutes on the bill.

Mr. President, I suggest a further amendment of the request, that the 2-hour limitation relates to the Tower amendment No. 746, because there are other Tower amendments.

The PRESIDING OFFICER. Is there objection?

Mr. JAVITS. Mr. President, what is the limitation?

The PRESIDING OFFICER. One hour on each amendment, 2 hours on amendment 746, and 4 hours on the bill.

Mr. JAVITS. There is no limit as to whether it shall apply only to amendments on the desk?

The PRESIDING OFFICER. No.

Mr. TOWER. Mr. President, will the Senator from Maine yield further?

Mr. MUSKIE. I yield.

Mr. TOWER. I might note for the information of Senators that the vote on my amendment No. 746 will probably be the critical vote on the bill, and Senators should be present for a vote on that amendment.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CLARK. Is this the kind of agreement in which it should be stipulated that amendments shall be germane? I think that should be included in this case.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the agreement include that amendments must be germane.

The PRESIDING OFFICER. Is there objection to the unanimous consent?

Without objection, the agreement is entered.

The unanimous-consent agreement later reduced to writing is as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That, effective on Friday, August 19, 1966, at the conclusion of routine morning business, during the further consideration of the bill (S. 3708) to assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes, debate on any amendment (except an amendment to be proposed by the Senator from Texas [Mr. TOWER], numbered 746, debate on which is to be limited to two hours), motion, or appeal, except a motion to lay on the table, shall be limited to 1 hour, to be equally divided and controlled by the mover of any such amendment or motion and the Senator from Maine [Mr. MUSKIE]: *Provided*, That in the event he is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the Senator from Texas [Mr. TOWER] or some

Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 4 hours, to be equally divided and controlled, respectively, by the Senator from Maine [Mr. MUSKIE] and the Senator from Texas [Mr. Tower]: *Provided*, That the said Senators, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

Mr. MUSKIE. Mr. President, proceeding to the pending business, throughout history cities have been mainsprings of social and economic growth. Men have gathered in them for common protection, for trade, for industry, for the exchange of ideas, for social intercourse, and for the comforts and attractions urban life could offer.

Men have been drawn to cities as if by magnets. Cities have used the power and imagination of their people to create states, nations and even civilizations. However much we may be attracted to rural scenes and quiet places, we still return to the cities and towns for our business, for government, and for the fruits of learning and the arts.

In a real sense cities are creators of life—and at the same time they can be destroyers of lives. The pages of history are full of the tales of those who sought the promise of the city and found only despair. From the book of Job, to Charles Dickens, to James Baldwin, we have read the ills of the cities.

Our cities contain within themselves the flowers of man's genius and the nettles of his failures.

We are all familiar with the photographs of our Capitol, with slums blocking the foreground. We know of the explosive forces rumbling, and sometimes bursting, out of the crowded slums not far from the glitter of Broadway, the soaring new buildings of Chicago or the palm-lined streets of Los Angeles.

We also know of the other side of the tracks in smaller cities, where unemployment comes first and prosperity arrives last.

It is in the slum and blighted areas of our cities that unemployment rates have soared up to 24 percent; it is in the decayed neighborhoods that almost 70 percent of the poor live in dilapidated, overcrowded, or unsafe and unsanitary dwellings.

It is in these areas or unrest that public welfare payments are concentrated—24 percent of the population of Watts, for example, was on public assistance at the time of the riots.

It is in these areas of stifled opportunity that below average school buildings and teaching are concentrated.

It is in these areas of bleak ugliness that recreational facilities are most limited.

And it is in these areas that disease, ill health, and crime are most prevalent.

For example, a study by the Depart-

ment of Health, Education, and Welfare states that in one city, compared with a control "good area," the substandard area required police charges 2½ times as high, ambulance runs and fire calls almost twice as high, welfare costs 14 times as high. In another city, the poor housing area produced 36 percent of the city's juvenile delinquency and 76 percent of the city's tuberculosis cases.

Whatever its size, wherever its location in this land of ours, the city is a problem which grows as our nation grows, a problem which belongs to all of us, a problem which all of us must join in solving.

We are, increasingly, a nation of urban dwellers. At present 70 percent of our population lives in metropolitan areas. By the year 2000 the proportion will probably reach 80 percent.

The two major phenomena of this urban growth are crowded, decaying and blighted areas and the surrounding, too often formless, suburban sprawl. The result is poor housing, inadequate public facilities, limited education and job opportunities, disease and ill-health, excessive dependence on welfare payments and the threats of crime and delinquency for those crowded into the slums and blighted areas. The more affluent members of society, who still use the city for business and entertainment, but who have used modern transportation to escape the problems of living in the city, now battle traffic problems, suffer through smog, recoil at riots in the slums and feel more uneasy over the dangers of urban life.

Too often, for the poor, for those of modest means, and for the rich, our cities have become nightmares rather than dreams.

Our awareness of the problems of the city is not new.

In 1902 my hometown—Waterville, Maine—celebrated its centennial. This was an age of universal optimism in that bright period before the first of the World Wars. President William H. P. Faunce, of Brown University, noted in a sermon at the centennial religious mass meeting, June 22, 1902, that "the century which has elapsed since the founding of Waterville has been justly called the wonderful century." Men have discovered more facts and invented more mechanisms in the last 100 years than in all preceeding history. But the greatness of our apparatus ought to mean greatness of intellect and character. The difference between the old hand loom and the modern loom is enormous; is the difference as great between the man who stood behind the former and the man who stands behind the latter? What is the use of the incandescent light if it does not enable the citizen to see his duty? What is the advantage of traveling at 60 miles an hour if we are as discontented at the end of the journey as at the beginning? The aim of our civilization is not to whiten the seas with the sails of commerce, but to develop simple, homely virtues which are the chief defense of our

Nation, the best safeguards of the fireside and the home.

Reverend Faunce's remarks were true 64 years ago, and they are even more pertinent today. He spoke almost a year and a half before the Wright brothers made their first successful flight at Kitty Hawk. In the brief span of time between his address and our day we have increased man's speed from 60 miles an hour on land to 18,000 miles an hour in space. The goals which he set for American society are relevant to our own time. He called on the citizens of Waterville to "develop a new sense of civic pride and municipal duty." He notes:

Americans have succeeded nobly in founding States, but they have not yet learned to govern cities.

Since Reverend Faunce delivered his sermon we have labored to improve the lot of our cities. Our major efforts go back more than 30 years. During this time Federal, State, and local governments have worked together in the search for solutions to urban problems. Planning aids, urban renewal, public housing, aids to education, hospital construction, community facilities construction, public welfare assistance, employment assistance, transportation loans and grants—all these and many more programs have been approved by the Congress.

These programs have accomplished a great deal—but they have fallen far short of the need.

One reason is that every program of Federal aid to the cities has approached a single problem with a single weapon. They have operated side by side—frequently indifferent to each other, sometimes even in conflict with each other.

A city might have urban renewal without adequate low- and middle-income housing, public housing but an inadequate public health program, a welfare program but little vocational training, a recreation program but inadequate schools. Repeatedly, neglect of one area canceled out efforts in another.

A second shortcoming has been that even where all existing Federal aids have been available to a city, there has been no systematic arrangement for coordinating their impact—cities could be lost in a maze of Federal aids.

There have been no local plans broad enough to make effective use of combined aid programs.

There has been no focal point for concentrating their resources on the problems of a neighborhood.

There has been little incentive for coordinated use of Federal programs.

Third, present programs are simply insufficient in two ways:

They are not adequate to meet the growing needs of growing urban populations.

They are not designed to meet all the needs that the neglected neighborhoods display.

Finally, compounding these difficulties has been the financial crisis of the cities. Between 1954 and 1963, municipalities increased their tax revenues by 43 percent,

and local government indebtedness increased by 119 percent. For the central city the problem has become a vicious circle. The more determined the city's effort to raise funds to meet the need for increased services, the more likely that effort drives its economically affluent citizens to the nearby suburbs. Similarly, the greater burden the city places on industry within its borders, the less its opportunity to attract and hold the industry and commerce its economy requires. So the city becomes, increasingly, a home for the economically deprived, those least able to bear the cost of municipal services. It is not surprising that the cities with the greatest slum problems often have the least capacity to deal with those problems.

Conflicts in program goals, divisions of authority, major program gaps, lack of resources—all prevent us from building and rebuilding cities our urban citizens deserve and all of us need.

Recognizing these human problems of urban life, President Johnson named a task force of distinguished Americans, working with Secretary Weaver, to study these problems, analyze the shortcomings of existing Federal programs, and recommend to him a program for immediate action.

The result was the demonstration cities program.

The essentials of the program the President transmitted to Congress on January 26, 1966 were these:

The concentration of available and special resources in sufficient magnitude to demonstrate swiftly what qualified urban communities can do and can become.

The coordination of all available talent and aid on these targets in a way which is impossible where assistance is provided across the board and men and money must be spread thin.

The mobilization of local leadership and initiative to assure that the key decisions as to the future of American cities are made by the citizens who live there and to commit local leadership, both public and private, to a comprehensive attack on urban problems, freed from the constraints that have handicapped past efforts and inflated their costs.

In his message to the Congress, the President said:

Today, I have placed before the Congress and before you, the people of America, a new way of answering an ancient dream. That dream is of cities of promise, cities of hope, where it could truly be said, to every man his chance, to every man, regardless of his birth, his shining golden opportunity, to every man the right to live and to work and to be himself and to become whatever thing his manhood and his vision can combine to make him.

The new way of answering that ancient dream is this:

To rebuild where there is hopeless blight;
To renew where there is decay and ugliness;

To refresh the spirit of men and women that are growing weary with jobless anxiety.

To restore old communities and to bring forth new ones where children will be proud to say, "This is my home."

What I have offered is a massive program, involving everything that we know about building homes and schools and parks and streets that are safe from fear.

The choice facing the Nation was posed by President Johnson in that special message: Shall we make our cities livable for ourselves and our posterity? Or shall we by timidity and neglect damn them to fester and decay?

The Housing Subcommittee and the Banking and Currency Committee have voted to accept the challenge, to make a new beginning in our campaign to improve the quality of life for all our citizens.

The legislation we present today is designed to meet the President's objectives and to achieve the American dream—for the child whose playground is a trash-strewn alley—for the young boy or girl whose classroom is a rat-infested cellar—for the parent whose income is uncertain and whose housing choice is an overcrowded tenement room or the street—for the young man who cannot get a job because he lacks training and cannot get training because he lacks funds—for the man or woman who cannot find decent housing because of the color of his or her skin.

The legislation we present today places the central city in the context of the entire metropolitan area, and it addresses itself to the problems of metropolitan regions. It requires better coordination of Federal activities, and it provides incentives for coordinated metropolitan area planning and development.

Finally, the legislation we present today will help the States to provide technical assistance to local communities in making better use of Federal assistance programs.

As I have indicated, S. 3708 is based on recommendations made to the Congress by President Johnson. The Subcommittee on Housing made substantial changes in the draft legislation submitted by the administration, but it did not depart from the President's intent.

PROVISIONS OF THE LEGISLATION

Mr. President, as reported by the Banking and Currency Committee, S. 3708 has three titles—Title I: Comprehensive City Demonstration Programs; Title II: Planned Metropolitan Development; and Title III: Urban Information and Technical Assistance Services.

All three titles have a consistent purpose of providing additional Federal assistance to help cities and metropolitan areas make effective use of existing Federal programs in order to make more significant progress toward the accomplishment of the national housing policy of a decent home and a suitable living environment for every American family. This would be done by the bill in two ways: First, better coordination of existing programs—Federal, State, and local; and second, additional Federal

financial assistance to be used by the locality for activities which supplement existing programs.

Title I of the bill would establish a new city demonstration program of Federal grants and technical assistance to help provide the incentive and the financial means for a city to plan and carry out a program for rebuilding and restoring entire sections or neighborhoods of slum and blight and to improve the general welfare of the people in such areas.

Mr. GORE. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield.

Mr. GORE. Mr. President, in this respect, how would this program differ from the urban renewal program?

Mr. MUSKIE. Mr. President, the urban renewal program is aimed at the physical reconstruction of blighted areas. It is, of course, a part—and a fundamental and necessary part—of any city demonstration program developed under this legislation. However, the emphasis in this legislation is to supplement programs dealing with the physical reconstruction of cities by other programs designed to reconstruct the lives of people who live in those cities.

This will be done first by coordinating more effectively existing Federal programs dealing with the human side of the problem and, second, by providing supplemental funds to stimulate the development of comprehensive programs dealing with the shortcomings of existing programs and, in these diseased areas and cities, dealing with the human problem.

For example, we can help the cities become involved in education to a greater degree than they are now in these areas, and the record shows that usually the quality of the teachers in these areas is at the bottom of quality list across the country.

We can help the cities become involved in a greater degree in vocational training, recreational facilities, adequate transportation for residents of these areas between their homes and jobs, and so on.

There are a number of possibilities, some of which are already covered, in part, by Federal programs, and some of which we hope may be stimulated and developed under local sponsorship with the supplemental funds from the bill.

Mr. GORE. Mr. President, I think the Senator by his extemporaneous answer has given more life and meaning to the program than any explanation I have yet heard.

I want to observe that, not only in this instance, but also in many others, I have been impressed with the fact that the distinguished junior Senator from Maine speaks with a clarity, elocution, articulateness, and grammatical perfection that few Senators possess.

Mr. MUSKIE. I thank the Senator from Tennessee. I was really trying to sell the program and not the speaker.

The demonstration city approach places maximum dependence upon the locality and its officials to plan and carry out the program. The Federal Government will help with technical and financial assistance, but it will be limited to those cities presenting imaginative and effective ways of dealing with the physical and social problems of slum and blighted areas.

The financial assistance will be in two forms—planning assistance and program assistance. Planning assistance will be on an 80 percent Federal grant basis with the city making up the other 20 percent of cost. For this purpose the bill authorizes an appropriation of \$12 million a year for each of 2 years, fiscal years 1967 and 1968.

The program assistance would provide supplementary financial aid to cities to carry out activities in addition to those already provided under existing Federal law. The supplementary aid will be computed in each case on a formula related to local contributions to Federal programs involved in the project. Under the committee bill the program assistance for any project would be a maximum of 80 percent of the total non-Federal contributions made on all projects under existing Federal grant-in-aid programs which are being carried out as part of the city demonstration program. The supplemental grant could not be used to reduce local expenditures on existing projects or activities or to reduce the local effort for similar activities. The bill calls for a 2-year authorization of \$400 million for fiscal 1968 and \$500 million for fiscal 1969. The 2-year level of authorization is consistent with administration estimates for a 5-year program.

This bill is limited to 3 years. The first year it would be planning assistance only, to the extent of \$12 million. The second year it would be planning to the extent of \$12 million, and \$400 million programing; the third year, it would be \$500 million for programing.

Under this title, the urban renewal grant authority would be increased by \$250 million to be used for projects included within a city demonstration program.

Title II calls for improved coordination of Federal activities in metropolitan areas, requires minimum standards of planning and coordination by local governments in such areas, and authorizes supplementary Federal grants to State and local public bodies for metropolitan development projects as incentives for adequate metropolitanwide comprehensive planning and adherence to such planning. The supplementary grant would be authorized only for those metropolitan areas which have met standards for comprehensive planning on a metropolitanwide basis. The grant would be made to the public body sponsoring the metropolitan development project. It would amount to a maximum of 20 percent of the cost of the project. In no case could the total grant—the

basic grant plus the supplementary grant—exceed 80 percent of the project cost nor could the supplementary grant exceed the basic grant.

Mr. President, this program would not be an addition to the demonstration program.

The benefits of this title are for projects in a standard metropolitan statistical area, which is defined by the Bureau of the Budget as the area in and around a city of 50,000 population or more. The projects to be benefited are generally of a public works nature but are listed in detail in the bill. The authorization under the bill is a maximum of \$25 million for fiscal year 1967 and \$50 million for fiscal year 1968.

Title III of the bill is designed to help local communities make better use of Federal urban assistance programs by authorizing Federal grants to States and metropolitan area agencies to help finance information centers to serve metropolitan areas and small communities throughout the State. The grant could not exceed 50 percent of the cost of the activity. The bill authorizes an appropriation not to exceed \$5 million for fiscal year 1967 and \$10 million for fiscal year 1968.

At this point, Mr. President, I wish to call to the attention of my colleagues the principal changes which the Banking and Currency Committee made in the administration's legislative proposals.

Section 101, the statement of findings and declaration of purpose, was tightened considerably. The committee believes the statement of purpose, in particular, is clearer and more forceful in expressing legislative intent. It reads as follows:

The purposes of this title are to provide additional financial and technical assistance to enable cities of all sizes (with equal regard to the problems of small as well as large cities) to plan, develop, and carry out locally prepared and scheduled comprehensive city demonstration programs containing new and imaginative proposals to rebuild or revitalize large slum and blighted areas; to expand housing, job, and income opportunities; to reduce dependence on welfare payments; to improve educational facilities and programs; to combat disease and ill health; to reduce the incidence of crime and delinquency; to enhance recreational and cultural opportunities; to establish better access between homes and jobs; and generally to improve living conditions for the people who live in such areas, and to accomplish these objectives through the most effective and economical concentration of Federal, State, and local public and private efforts to improve the quality of urban life.

The second major change made by the committee was in section 103 which contains the basic criteria, including need, for eligibility for assistance under the program. The basic intent of the original proposal is accomplished in a concise and logical manner. Subsection (b) contains new language emphasizing the prime importance of local initiative and prompt response by Federal departments

and agencies to such initiative, maximum coordination of Federal assistance, and program flexibility. The new language is designed to underscore the intent of Congress that this will represent a new method of dealing with the complex and interrelated social and physical problems of slum and blighted areas in cities of all sizes.

The committee retained the President's 80-percent supplemental grant proposal for assistance to comprehensive demonstration city programs. However, the grant formula has been tightened considerably to insure that the base for the supplemental grants could not be distorted by the use of irrelevant projects, that funds provided could not be dissipated on projects not essential to the program. That the supplemental grants could not be used to replace local contributions which the community had committed to Federal grant-in-aid projects before starting the comprehensive program, and that the supplemental grants could not be used for general administration of the city. The supplemental grant funds must be used to support fully the innovative, nonfederally aided activities of a program before they can be used to match additional Federal grants.

I realize, Mr. President, that the supplemental grant formula concept has given some of my colleagues concern. Therefore, I want to take this opportunity to explain it in detail.

The formula for supplemental grants proposed in the bill is designed to help overcome two of the major obstacles to the solution of the problem of city slum areas:

First. The inability of the cities to find the necessary money, especially to finance new and imaginative programs, and

Second. The difficulty of coordinating and channeling existing Federal aids to the solution of these problems.

The Federal aids are available through many different departments and agencies.

These aids sometimes go to the State, sometimes to the city, sometimes to special agencies independent of the city government.

These aids are distributed under widely varying formulas for allocating Federal funds among the States or for determining the amount and kind of local contribution required.

The existing aid programs are designed to accomplish different specific national objectives—improve education, eliminate poverty, combat disease. This fact dictated differing incentives and requirements in each program.

Therefore, an aid formula was sought which would:

First. Provide cash to the cities needed to carry out the demonstration programs.

Second. Encourage and allow flexibility for innovation

Third. Provide an incentive to use the existing Federal aid programs in a coordinated fashion to the greatest extent practicable.

Fourth. Preserve the requirements of existing aid programs, which were designed to accomplish specific national objectives.

Fifth. Avoid the substitution of Federal money for city money in the support of existing programs.

The formula chosen:

First. Provides a city with an amount equal to 80 percent of the non-Federal contribution otherwise required for Federal aid projects included in the demonstration program in the city.

Second. Makes this money available—

To pay for new and additional activities in the program.

After the costs of those activities are covered, to provide matching funds for the Federal aid projects included in the demonstration program—but not to replace matching funds committed before the program started.

Third. Requires the city to maintain its level of expenditure—on all activities similar to those included in the demonstration program—at least at the level existing before the program started.

The formula therefore meets the basic program objectives:

First. It provides the city with additional money. Based on a calculation of several sample programs, the 80-percent figure will furnish the city with the money needed for a demonstration program if—

It uses as many relevant Federal aid programs as practicable.

Makes its own effort to raise some additional matching funds.

Second. It encourages and allows flexibility for innovation—the money is not earmarked for specific Federal-aid projects and must be used first for the new and additional elements of the approved demonstration program.

Third. It provides an incentive to use existing, applicable Federal aid programs—the amount of money depends upon the number of such programs used.

Fourth. It requires the city to continue to meet the specific requirements of existing Federal aid programs, thus protecting the national objectives of those programs.

Finally, it assures that Federal funds are not merely substituted for existing local funds.

At this point, Mr. President, I ask unanimous consent that alternative formulas considered for the program, which were rejected because they did not meet its objectives, be included in the RECORD:

There being no objection, the formulas

were ordered to be printed in the RECORD, as follows:

Alternative A. Grant the city a certain percentage of the total cost of the demonstration program.

* This would remove any incentive to use and coordinate existing Federal-aid programs.

Alternative B. Grant the city a certain percentage of that part of demonstration program costs not covered by other grants in aid.

* This provides no incentive for using existing Federal-aid programs: The fewer that are used, the more supplementary grants that would be made available.

Alternative C. Grant the city a certain percentage of the cost of those elements of the demonstration program which are not eligible for aid under other Federal programs.

* This would not allow the cities to use the money to increase their use of existing Federal aid programs. They often have difficulty raising the matching share.

Alternative D. Increase the Federal share on Federal aid projects included within the demonstration program.

* It does not assure funds to the city for innovative projects, since the recipient agency may be the State or a local unit of government other than the city.

* It is administratively complex if the original granting agency is to give the increased grant.

* It tends to break the line on the Federal share in a whole host of programs with specific national objectives outside the demonstration cities.

Alternative E. Provide a sliding scale grant formula, with differing percentages going to different cities, dependent upon (1) the extent of the cities problems, and (2) the ability of the cities to increase their own financial effort.

* We do not yet have the knowledge needed to specify equitable indices of need.

* We do not have reliable data available to measure the relative needs of cities, even if the indices could be defined.

* We would be opening up a continuing battle over the specific grant share to be provided.

Mr. MUSKIE. Mr. President, when I first examined the administration's proposal, I had questions about the supplemental grant formula. I gave long and careful study to this aspect of the proposal.

I have resolved my questions. The formula may be modified later, in the light of experience, and as we develop more adequate statistics on need, effort and other indexes. But as the foundation of this demonstration program, I believe the formula is sound, workable and fair.

My colleagues will note that title I of S. 3708 contains a Davis-Bacon labor standards provision which was not in the original administration proposal. It is similar to the House Banking and Currency Committee proposal, as contained in title I of H.R. 15890, and is acceptable to all interested parties.

One of the most important changes made by the committee was the change

from an open-end money authorization requested by the administration to a 2-year, \$900 million program.

The committee provided such a limitation for two reasons: First, it believes the Congress has a responsibility to define the estimated monetary requirements of such a program; and second, it wished to insure a careful review of this new and experimental program before extending appropriations authority beyond fiscal year 1969.

During this period, the committee and the Congress will have an opportunity to evaluate the experience under the comprehensive city demonstration program. If it is as successful as the committee expects it to be, the committee and the Congress can provide—on the basis of plans submitted by the cities, the progress of activities under demonstration programs being carried out, and the budgetary situation existing at the time—a continued reasonable annual rate of funding for the program.

I want to stress that the program funds authorized for fiscal years 1968 and 1969 are consistent with estimates made by the administration on the probable cost of the program.

It should be noted also that the supplemental grant funds represent only a part of the total Federal, State, and local resources which will be available for cities to apply to their demonstration projects.

For the information of my colleagues, Mr. President, I ask unanimous consent that there be printed in the RECORD at this point a table providing a list and analysis of the existing Federal grant-in-aid programs which may be used in demonstration projects.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

FEDERAL GRANT-IN-AID PROGRAMS LIKELY TO FORM CORE OF CITY DEMONSTRATION PROGRAM ACTIVITIES

This material contains brief descriptions of 49 Federal grant-in-aid programs deemed most likely to be among those utilized by a city in developing a city demonstration program "of sufficient magnitude in both physical and social dimensions" to meet the criteria of the Demonstration Cities bill. The programs are arranged alphabetically under their respective administering departments and agencies. It is not implied that these programs necessarily will or should be used in any one demonstration or that other programs may not also be used.

This is a preliminary draft in connection with an ongoing legal project. When completed, all descriptions will have been cleared by the legal staffs of the agencies involved. In the meantime, this material must be used with caution because legislative history and regulatory limitations not appearing in the sources consulted may alter important details.

DEPARTMENT OF AGRICULTURE

Food stamp program

[Statutory reference: 7 U.S.C. 2011-2025 (O.E. 1964)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist States and local governmental units to raise levels of nutrition in households of low income. Eligible households are issued food stamps or coupons which may be used to purchase food at retail stores. The face value of the coupon is intended to be sufficient for a low-cost nutritionally adequate diet, but households are charged only that portion of the face value equivalent to their normal expenditures for food.	Administration of the program is assigned to State public assistance agencies. Participation is limited to those households whose income is determined to be a substantial limiting factor in the attainment of a nutritionally adequate diet. Each State is to establish standards of eligibility including maximum income and asset limitations consistent with the standards used by the State in administering Federal public assistance programs.	Fiscal year 1966, \$100,000,000; fiscal year 1967, \$200,000,000. Subsequent years—not in excess of such sums as may hereafter be authorized by Congress.	The stamps (or coupons) are provided to participating States without charge. States receive payments for part of their costs in investigating the eligibility of households not on public assistance. The payment is 50 percent of the sum of (1) the salary costs of personnel involved in such investigations; (2) travel and related costs of these investigations; (3) an amount not exceeding $\frac{1}{4}$ of the costs under (1) and (2). All other costs must be financed by the State or its political subdivisions.	In approving the participation of subdivisions within States, the Secretary is instructed to provide an equitable and orderly expansion among the States in accordance with their relative need and readiness to institute programs in such subdivisions.

School lunch program

[Statutory reference: 42 U.S.C. 1751-1760]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To safeguard the health and well-being of the Nation's children and to encourage the domestic consumption of nutritious agricultural commodities.	State agencies to enable them to reimburse participating schools for a part of the food costs of lunches.	Not fixed, but of amounts appropriated, \$10,000,000 is for food equipment, and another \$10,000,000 for fiscal year 1963, and such sums as may be necessary in succeeding years, especially for schools located in areas where poor economic conditions exist.	Federal, 25 percent; State, 75 percent. Provided, for any State with per capita income below the U.S. average, the State matching requirements may be reduced.	Sets forth an involved formula.

DEPARTMENT OF COMMERCE

Federal aid to highway programs

[Statutory reference: 23 U.S.C. 101-134 (O.E. 1916 (1956))]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
For construction and improvement of the 41,000 mile National System of Interstate and Defense Highways, including the other two Federal-aid systems, the primary and secondary systems, and urban extensions thereof.	States.....	Interstate systems: range from \$2,200,000,000 for fiscal year 1962 to \$3,000,000,000 for fiscal years 1968 through 1971, with \$2,900,000,000 for fiscal year 1971. For primary and secondary systems and their extensions with-in urban areas: \$1,000,000,000 for fiscal year ending June 30, 1966, and \$1,000,000,000 for fiscal year ending June 30, 1967.	(1) Interstate: Federal, 90 percent; State, 10 percent, except in certain large land area States, Federal may be 95 percent. (2) Primary and secondary and extensions: Federal, 50 percent; State, 50 percent, except in large land area States, Federal share may be increased under a stated formula.	(1) Interstate: 100 percent is allotted on the basis of estimated cost of completing the system in each State. ¹ (2) Primary system, 45 percent of allotment. (3) Secondary system, 30 percent of allotment. (4) Extensions, 25 percent.

¹ Beginning with fiscal year 1967 a new formula devised.

Public works and development facilities

[Statutory reference: 42 U.S.C. 3131-3136 (O.E. 1965)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist States or political subdivisions or private or public nonprofit organizations in designated redevelopment areas to acquire or develop land and improvements for public works, public service, etc., to improve opportunities for industrial and commercial expansion, long-term employment, and to assist low-income families. ¹ Supplementary grants may be made to enable States and other entities to carry out projects eligible for other Federal grant-in-aid programs.	States, local public bodies, and private nonprofit agencies.	\$500,000,000 for fiscal year ending June 30, 1966, and for each succeeding year through June 30, 1969.	Federal, 50 percent of cost. ² -----	Not more than 15 percent may be expended in any one State.

¹ Areas approved under the Appalachian Regional Development Act of 1965 are excluded from benefits.² In the event of a supplementary grant, the non-Federal share may not be less than 20 percent of project cost.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—OFFICE OF EDUCATION

Academic facility construction, graduate schools

[Statutory reference: 20 U.S.C. 731-733, 751-757]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To improve graduate schools and graduate centers by assisting the construction, rehabilitation, or acquisition of structures suitable for use as classrooms, laboratories, libraries, and related facilities for instruction of students, research, or administration.	Institutions of higher education and cooperative graduate center boards (established to offer students of participating institutions graduate work which could not be offered with the same propriety or economy at an individual institution).	Fiscal year 1967 and 1968—such sums as Congress may hereafter authorize by law. Administration—such sums as may be necessary.	Grants may not exceed 33 $\frac{1}{3}$ percent of the development cost of any project.	Not more than 12 $\frac{1}{2}$ percent of the appropriations for a fiscal year may be spent in any State.

Academic facility construction, undergraduate

[Statutory reference: 20 U.S.C. 711-721, 751-757]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To meet urgent needs of undergraduate institutions by assisting the construction, rehabilitation, or acquisition of structures suitable for use as classrooms, laboratories, libraries, and related facilities for instruction of students, research, or administration.	Institutions of higher education.	Fiscal year 1967 and 1968, such sums as Congress may hereafter authorize by law. Administration, such sums as may be necessary.	Grants may not exceed 33 $\frac{1}{3}$ percent of the development cost of any project, except for public community colleges and technical institutes, grants may not exceed 40 percent of the cost.	22 percent of the funds appropriated are allotted for public community colleges and public technical institutes. These are allocated to the States on the basis of per capita income and number of high school graduates. The remainder of the funds, to be used for other institutions, are allocated to the States on the basis of the number of college and high school students.

Adult basic education programs (antipoverty)

[Statutory reference: 42 U.S.C. 2801-07, 2831 (O.E. 1964)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist State educational agencies in providing elementary level education for persons 18 years old and over. Federal funds may be used to (1) assist local educational agencies in establishing programs and pilot projects; (2) assist in meeting the actual costs of adult instruction; and (3) assist State agencies in improving their technical and supervisory services to adult basic education. Also, grants may be made to provide training for instructors for adult basic education programs.	States (but program is required to be administered by State educational agency). For teacher training projects, grants may be made to college and universities, State or local educational agencies, or other appropriate public or private nonprofit agencies or organizations.	Fiscal year 1966 part of \$850,000,000; fiscal year 1967 and 1968, such sums as may be hereafter authorized by Congress (this authorization is shared with the community action program and voluntary assistance program for needy children).	Fiscal year 1966 and 1967, Federal 90 percent; State 10 percent. Fiscal year 1968, Federal 50 percent; State 50 percent.	Not to exceed 5 percent of the amount appropriated or allocated may be used for teacher training projects. Not in excess of 2 percent of the amount allocated for the remainder of the program is to be divided among Puerto Rico, Guam, American Samoa, and the Virgin Islands. The remainder is to be allocated among the States on the basis of the relative number of people who have attained age 18 and completed not more than 5 grades of school. No State allotment can be less than \$50,000.

Community service program grants

[Statutory reference: 20 U.S.C. 1001-1011 (O.E. 1965)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist institutions of higher education in strengthening their resources for providing educational programs, activities, or services designed to assist in the solution of community problems, with particular emphasis on urban and suburban problems (but also including rural problems).	States. States formulate State plans which include policies and procedures for allocating funds to institutions of higher education in the State.	Fiscal year 1966, \$25,000,000; fiscal years 1967 and 1968, \$50,000,000; fiscal years 1969 and 1970, such sums as Congress may hereafter authorize.	Fiscal years 1966 and 1967, Federal 75 percent and State 25 percent of cost of developing and carrying out approved State plans. Fiscal years 1968, 1969, 1970, Federal 50 percent and State 50 percent of cost of developing and carrying out approved State plans. Except that no payments shall be made to any State for developing and administering the State plan which exceed 5 percent of the State's costs for that year or \$25,000, whichever is greater.	\$25,000 to Guam, American Samoa, Puerto Rico, and the Virgin Islands, \$100,000 to each State. The remainder to the States on a population basis. Reallotments may be made where funds are not required, or at the request of a State.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—OFFICE OF EDUCATION—Continued

Education of children of low-income families

[Statutory reference: 20 U.S.C. 241a-241j (O.E. 1965)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To provide financial assistance to local educational agencies serving areas with concentrations of children from low-income families to expand and improve educational programs which contribute particularly to meeting the special educational needs of educationally deprived children.	State educational agencies (which transmit the funds received to local educational agencies).	Not fixed.	Basic grants, maximum grant is 50 percent of the average per pupil expenditure in the State multiplied by the sum of the number of children in families with annual incomes less than \$2,000 and in families receiving aid to families with dependent children payments of more than \$2,000. Such basic grant may not exceed 30 percent of the sum budgeted by the local agency for current expenditures in fiscal year 1966. Special incentive grants, fiscal year 1967, Not to exceed the product of the average public school attendance during 1965 and the amount by which the per pupil expenditure of the local educational agency for fiscal year 1965 exceeds 105 percent of such expenditure for fiscal year 1964. Fiscal year 1968, similar calculation, based on amount by which expenditure for fiscal year 1966 exceeds 110 percent of expenditure for fiscal year 1964.	Not more than 2 percent of the amounts appropriated may be allotted among Puerto Rico, Guam, Virgin Islands, and trust territory according to their respective needs.

Guidance, counseling, and testing; identification and encouragement of able students

[Statutory reference: 20 U.S.C. 481-484 (O.E. 1958)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist State educational agencies to establish and maintain programs of testing, guidance, and counseling.	State educational agencies	Fiscal year 1966—\$24,500,000. Fiscal years 1967 and 1968—\$30,000,000 each year.	The Federal payment equals one-half the amount spent by the State in carrying out its State plan. The Commissioner may also make arrangements for testing students attending schools where the State agency is not authorized to test; the cost is shared equally with the State.	Not more than 2 percent of the amount appropriated may be allotted among Puerto Rico, Guam, the Canal Zone, American Samoa, and the Virgin Islands according to their respective needs. The remainder is allotted among the States in proportion to their school-age populations. No State allotment can be less than \$50,000.

Instruction in critical subjects (National Defense Education Act)

[Statutory reference: 20 U.S.C. 441-445]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To strengthen elementary and secondary school instruction in economics, science, mathematics, and modern foreign languages and other critical subjects. Grants to States are made for acquisition of laboratory and other equipment and for improvement in supervisory services and administration. Loans are made to nonprofit private schools for the acquisition of laboratory and other equipment.	State educational agencies as to grants, but private schools as to loans.	\$100,000,000 each year for fiscal years 1966, 1967, and 1968. For supervisory services and administration of State plan, \$10,000,000 for each year for fiscal years 1966, 1967, and 1968.	Federal, 50 percent; State, 50 percent.	The allotment to a State is based upon the product of the school-age population of the State and the State's allotment ratio (under a prescribed formula). Loans may be made up to 12 percent of appropriations and are governed by a stated formula.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—OFFICE OF EDUCATION—Continued

Vocational education

[Statutory reference: 20 U.S.C. 35-35j]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist States in establishing and maintaining vocational education programs for persons attending high school, persons who have completed or left high school and are available for full-time study, persons in the labor market who need training to achieve stability or advancement in employment, persons who have academic or socioeconomic handicaps, and to construct area vocational education facilities.	States.....	Fiscal year 1967 and succeeding years—\$225,000,000 each year.	Allotments may pay $\frac{1}{2}$ of a State's expenditures under an approved plan, and not exceeding $\frac{1}{2}$ of construction costs for area vocational education schools.	90 percent of the funds appropriated are allotted to the States as follows: 1 50 percent on the basis of the population 15-19; 20 percent on the basis of the population 20-24; 15 percent on the basis of the population 25-65; 5 percent on the basis of the preceding 3 allotments.

¹ 10 percent is for research, training, and demonstration programs.

Vocational work study

[Statutory reference: 20 U.S.C. 35k]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist States to provide employment in educational agencies or other public agencies for persons 15 to 21 who are full-time students in vocational education programs and need funds from such employment to commence or continue their programs.	States.....	Fiscal years 1967 and 1968, \$35,000,000 each year. ¹	The Federal payment equals 75 percent of the amounts expended for compensation of students up to the limits of a State's allotment.	Allotments are based on the population of each State, age 15 to 20.

¹ Residential vocational education schools share this authorization.

Work-study programs (antipoverty)

[Statutory reference: 42 U.S.C. 2751-2757 (O.E. 1964)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To stimulate and promote the part-time employment of students, particularly those from low-income families, in institutions of higher education who are in need of earnings from such employment to pursue their courses of study.	Institutions of higher education for payments to participating students.	Fiscal year 1966, \$129,000,000; fiscal year 1967, \$165,000,000; fiscal year 1968, \$200,000,000.	The Federal share of student's compensation cannot exceed 90 percent of such compensation for work performed through Aug. 20, 1967; 75 percent thereafter. The institution may pay its share in the form of services and equipment furnished to the student.	Not more than 2 percent of the amount appropriated may be allotted among Puerto Rico, Guam, American Samoa, the Virgin Islands, and the trust territory according to their respective needs. Of the remainder, $\frac{1}{3}$ is allotted among the States on the basis of the number of students in institutions of higher education; $\frac{1}{4}$ is allotted on the basis of the number of high school graduates; and $\frac{1}{4}$ on the basis of the number of related children under 18 living in families with annual incomes of less than \$3,000.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—PUBLIC HEALTH SERVICE

Air pollution control

[Statutory reference: 42 U.S.C. 1857-1857l (O.E. 1955)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To protect the Nation's air resources, to initiate and accelerate a national research and development program to achieve the prevention and control of air pollution, to provide technical and financial assistance to State and local governments in connection with the development and execution of their air pollution prevention and control programs, and to encourage and assist the development and operation of regional air pollution control programs.	Grants for air pollution control programs—State, local, intermunicipal, and interstate air pollution control agencies. Research, surveys, or demonstrations with respect to air pollution—air pollution control agencies, other public or nonprofit private agencies, institutions, and organizations, and individuals.	Fiscal year 1960, \$25,000,000; fiscal year 1967, \$30,000,000; fiscal year 1968, \$35,000,000. Not more than 20 percent of the amounts appropriated may be spent for grants for pollution control programs.	Grants for air pollution control programs—grants to State and local air pollution control agencies may not exceed $\frac{2}{3}$ of the cost of developing, establishing, or improving programs. Grants to intermunicipal or interstate agencies may not exceed $\frac{3}{4}$ of the cost of developing regional programs. Research, surveys, or demonstrations generally may not exceed $\frac{2}{3}$ of cost.	Not more than 12 $\frac{1}{2}$ percent of the grants for air pollution control programs shall be expended in any 1 State.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—OFFICE OF EDUCATION—Continued

Library services and construction

[Statutory reference: 20 U.S.C. 351-358 (O.E. 1956)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To promote the further extension of public library services to areas without such service or with inadequate services. Grants may be used to help finance the extension of services by contributing to the cost of salaries, books, materials, and equipment. They may also be used to finance construction of additional library facilities in areas found by State authorities to be without the means to do so.	States.	Services: Fiscal year 1967, \$35,000,000; fiscal year 1968, \$45,000,000; fiscal year 1969, \$55,000,000; fiscal year 1970, \$65,000,000; fiscal year 1971, \$75,000,000. Construction: Fiscal year 1967, \$40,000,000; fiscal year 1968, \$50,000,000; fiscal year 1969, \$60,000,000; fiscal year 1970, \$70,000,000; fiscal year 1971, \$80,000,000.	Within the limits of its allotment, each State receives the Federal share of the total expended by the State and its subdivisions for administration of the State plan and approved construction projects. The Federal share is 100 percent less the State percentage. The State percentage is the percentage that bears the same ratio to 50 percent as the per capita income of all States bears to the per capita income of all the States. The Federal share cannot exceed 66 percent or be less than 33 percent except that the Federal share for Puerto Rico, Guam, American Samoa, and the Virgin Islands shall be 66 percent, and for Trust Territory shall be 100 percent.	Services: \$25,000 each to Guam, American Samoa, the Virgin Islands, and the Trust Territory. \$100,000 to each State. The remainder is to be allotted among the States on a population basis. Construction: \$20,000 each to Guam, American Samoa, the Virgin Islands, and the Trust Territory. \$80,000 to each State. The remainder is to be allotted among the States on a population basis.

Supplementary educational centers and services

[Statutory reference: 20 U.S.C. 841-48 (O.E. 1965)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To enable communities to provide educational services to their children, to raise the quality of educational services already offered, and stimulate the development of exemplary elementary and secondary school educational programs to serve as models for the regular programs. Supplementary educational centers and services may include remedial instruction, adult education, cultural activities, vocational guidance, dual-enrollment programs, home-study courses, materials centers, mobile libraries and laboratories, and support to radio and television programs. Construction or lease of necessary facilities and acquisition of necessary equipment is authorized.	Local educational agency or agencies (but applications must be reviewed by State educational agency).	Fiscal year 1966, \$100 million, fiscal years 1967, 1968, 1969, and 1970, such sums as Congress may authorize.	From the amounts apportioned to each State the commissioner of education pays each applicant with an approved application an amount equal to the total sums expended by the applicant under the application.	Not more than 2 percent of the amounts appropriated may be allotted among Puerto Rico, Guam, American Samoa, Virgin Islands, and trust territory according to their respective needs, \$200,000 to each State. The remainder is apportioned among the States half on a population basis and half on the basis of the number of children aged 5 to 17.

Training and skill development

[Statutory reference: 42 U.S.C. 2601, 2614]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To enable States to provide occupational training or basic educational skills prerequisite to such training to unemployed or underemployed persons referred by the Secretary of Labor as unable to secure full-time employment without such training.	States (under which State vocational agencies will provide the training or arrange for it to be provided through appropriate private educational agencies). In certain cases the Secretary of HEW may contract directly with public or private educational or training institutions.	Such amounts as may be necessary.	The Federal payment generally may not exceed 90 percent of the cost of the training program (exclusive of training allowances).	In accordance with uniform standards developed consistent with certain factors listed in the statute.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—PUBLIC HEALTH SERVICE—Continued

Community mental health centers

[Statutory reference: 42 U.S.C. 2681-2683d, 2691-2697 (O.E. 1963)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To construct public and nonprofit facilities providing services for prevention or diagnosis of mental illness, care and treatment of mentally ill patients, or rehabilitation of such persons. Services are to be provided principally for those residing near the facility. Projects must conform to approved State plans. There is also a program to meet a portion of the costs of compensation of professional and technical personnel for the initial operation of new community mental health centers or new services in such centers.	Construction—States, political subdivisions, or public or other nonprofit agencies. (Applications must be submitted through a State agency.) Initial cost of operation—Public or nonprofit private agency or organization which owns or operates the center.	Construction—Fiscal year 1966, \$50,000,000; fiscal year 1967, \$65,000,000. Initial cost of operation—Initial grants: Fiscal year 1966, \$19,500,000; fiscal year 1967, \$24,000,000; fiscal year 1968, \$30,000,000. For fiscal year 1967-72 such sums as may be necessary to make grants to centers which have previously received grants.	Construction—The State plan may provide a uniform rate for all projects which may not be less than 33½ percent nor more than 66⅔ percent or the State's Federal percentage, whichever is lower. The Federal percentage is 100 percent less that percentage which bears the same ratio to 50 percent as the per capita income of the State bears to the per capita income of all the States, except the Federal percentage for the territories is 63⅓ percent. The State plan may also provide a variable rate between projects or classes of projects based on economic status of areas or other factors. The rate may not exceed 66⅔ percent or be less than 33½ percent.----- Initial cost of operation grants may not exceed 75 percent for the first 15 months; 60 percent for the 1st year thereafter; 45 percent for the 2d year thereafter; and 30 percent for the 3d year thereafter.	Construction—Funds are to be allotted on the basis of population, need for the centers, and financial need. No State allotment may be less than \$100,000. Initial cost of operation—No formal allotment but the Secretary is instructed to take into account the same factors listed under "construction."

Hospital and medical facilities construction

[Statutory reference: 42 U.S.C. 291-291c (O.E. 1946)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist the States in carrying out their programs for construction and modernization of hospitals and other medical facilities as may be necessary to provide adequate hospital, clinic or similar services to all; and to stimulate development of new and improved types of physical facilities for medical, diagnostic, preventive, treatment or rehabilitative services.	States, political subdivisions; public or other nonprofit agencies. All applications must be reviewed and approved by the State agency.	Fiscal years 1966-70, \$70,000,000 each year for facilities for long-term care; \$20,000,000 each year for diagnostic or treatment centers; and \$10,000,000 each year for rehabilitation facilities. Fiscal year 1966, \$160,000,000 for construction of hospital and public health centers and modernization of such facilities and the facilities referred to above; fiscal years 1968 and 1969, \$180,000,000.	The State plan may provide a uniform rate for all projects, which may not be less than 33½ percent nor more than 66⅔ percent or the State's allotment percentage, whichever is lower. The allotment percentage is 100 percent less that percentage which bears the same ratio to 50 percent as the per capita income of the State bears to the per capita income of all the States, except that the allotment percentage cannot exceed 75 percent or be less than 33½ percent, and the allotment percentage for the territories is 75 percent.	Appropriations for hospitals and public health centers are divided between construction and modernization as follows: Fiscal year 1966, 1⅓ construction. Fiscal year 1968, 1⅓ construction. Fiscal year 1969, 2⅓ construction. Each State receives an allotment from all Hill-Burton funds (except modernization) which bears the same ratio to the amounts appropriated as the product of the population of such State and the square of its allotment percentage bears to the sum of the corresponding products for all the States. Minimum State allotments are as follows: Construction of hospitals and public health centers, \$200,000; modernization, \$200,000; diagnostic or treatment centers, \$100,000; long-term care facilities, \$200,000; rehabilitation facilities, \$50,000. Territorial minima are ⅔ those of the States. Appropriations for modernization all allotted on a formula based on population, the extent of the need for modernization and financial need. States have some leeway to transfer allotments from one category of facilities to another. A portion of any allotment shall be available to pay up to ⅓ of the necessary cost of proper and efficient administration of the State plan, but not more than 2 percent of the total allotments for a year or \$50,000 whichever is less, shall be available for such purpose.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—PUBLIC HEALTH SERVICE—Continued

Public health, chronic illness and aged

[Statutory reference: 42 U.S.C. 246(c)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To establish and maintain adequate State and local public health services for the chronically ill and aged.	States.....	Fiscal year 1967, \$50,000,000 ¹	Established by regulations. Equal matching by State and local agencies is required.	Appropriations are apportioned among the States on the basis of population, extent of the public health problem involved, and financial need.

¹ Includes a number of additional public health programs.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—VOCATIONAL REHABILITATION ADMINISTRATION

Planning, construction, and initial staffing of rehabilitation facilities and workshops

[Statutory reference: 29 U.S.C. 41a]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
(1) To pay part of the cost of construction and initial staffing of public or other nonprofit workshops and rehabilitation facilities. The workshops are to provide gainful employment to the severely handicapped who cannot be readily absorbed in the competitive market. (2) The Secretary is also authorized to make planning grants to the appropriate State agency to pay part of the cost of determining the State's need for workshops and rehabilitation facilities.	(1) Any public or other nonprofit organization, which assures the Secretary of HEW that the project will be used as a public or other nonprofit rehabilitation facility or workshop for at least 20 years after completion, and which satisfies other requirements concerning matching funds, plans and specifications, and approval by the appropriate State agency. (2) State vocational rehabilitation agencies....	Fiscal year 1966, \$1,500,000; fiscal year 1967, \$7,000,000; fiscal year 1968, \$9,000,000.	(1) The Federal share in any State for construction shall be the same as it is in the case of rehabilitation facility grants in such State under the title 42 U.S.C. program (i.e. 33½ percent to 66¾ percent). As for grants to assist in initial staffing, the Federal share may not exceed 75 percent of costs for the 1st 15 months, nor exceed 60 percent for the 1st year thereafter, 45 percent for the 2d year and 30 percent for the 3d year thereafter. (2) There is no specified matching provision for the planning grant.	None.

Research and training centers

[Statutory reference: 29 U.S.C. 34]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To pay part of the cost of establishing and maintaining, at selected universities, research and training centers for the study of the various disciplines of rehabilitation.	Educational institutions with comprehensive programs of training and research in the various rehabilitation specialties, affiliated with clinical rehabilitation facilities.	There is a lump sum authorization for grants for special projects generally, including this program, and programs for rehabilitation research, training, and planning. Fiscal year 1966—\$80,000,000; fiscal year 1967—\$104,000,000; fiscal year 1968—\$117,000,000.	No specific requirement, except that grants under this program may pay only part of project cost. Matching ratios are a matter for administrative discretion.	None.

Vocational rehabilitation research, training, and expansion

[Statutory reference: 29 U.S.C. 34]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To pay part of the cost of projects of research, demonstrations, training, and traineeships in the field of vocational rehabilitation; and to pay part of the cost of projects for planning, preparing for and initiating special programs to expand State vocational rehabilitation services.	States and public and other nonprofit organizations and agencies.	Fiscal year 1966—\$80,000,000; fiscal year 1967—\$104,000,000; fiscal year 1968—\$117,000,000.	No specific matching requirements are set forth. Grants pay "part of the cost" of approved projects at the discretion of the Secretary of HEW.	None.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—VOCATIONAL REHABILITATION ADMINISTRATION—Continued

Vocational rehabilitation services

[Statutory reference: 29 U.S.C. 32]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist the States in meeting the costs of providing vocational rehabilitation services. Assisted under this grant program are guidance and placement, diagnosis, physical restoration, job training and other services, and expenses of administering the program.	State vocational rehabilitation agencies in the 50 States, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands.	Fiscal year 1966—\$300,000,000; fiscal year 1967—\$350,000,000; fiscal year 1968—\$400,000,000.	Federal share of expenditures, a percentage varying from State to State within statutory limits of 50 and 70 percent, is computed biennially in accordance with a statutory formula based on per capita income.	Individual State allotments are computed annually in accordance with a statutory formula based upon the product of a State's population and the square of its "allotment percentage." Allotment percentages, varying from State to State within limits of 33½ and 75 percent, are promulgated biennially and are related to per capita income.

Vocational rehabilitation services—innovations

[Statutory references: 29 U.S.C. 33]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist States in paying for the costs of projects for vocational rehabilitation services under the State plan which provide for the development of methods and techniques new in the State, for providing vocational rehabilitation services for handicapped individuals, or are designed for development of new or expanded vocational rehabilitation services for groups of handicapped individuals with catastrophic or particularly severe disabilities.	Vocational rehabilitation agencies in the 50 States, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands.	Fiscal year 1966—\$5,000,000; fiscal year 1967—\$7,000,000; fiscal year 1968—\$9,000,000.	The Federal share of approved projects shall be equal to 90 percent of the cost of such project for the first 3 years and 75 percent for the next 2 years, except that at the request of the State, such payments may be less than such percentage of project cost.	Appropriated funds are allotted to the States on the basis of population, with a minimum allotment of \$5,000.

Workshop training and improvement programs for the handicapped

[Statutory reference: 29 U.S.C. 41b]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To aid in the provision of training services for handicapped individuals in public or other nonprofit workshops and rehabilitation facilities. Such services shall include training in occupational skills and in related services, such as work evaluation, work testing, provision of occupational tools and equipment, and job tryouts; and payment of weekly allowances to the handicapped individuals undergoing training.	States and public and other nonprofit organizations and agencies.	Fiscal year 1966, \$1,500,000; fiscal year 1967, \$9,000,000; fiscal year 1968, \$14,000,000.	The Federal share of the cost of the workshop training program is 90 percent.	None.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—WELFARE ADMINISTRATION

Aid to families with dependent children

[Statutory reference: 42 U.S.C. 603]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To enable States to furnish financial assistance, rehabilitation and other services, assistance to needy children meeting statutory specifications, the object being to maintain children in their own homes with parents or relatives, or in foster homes.	States.....	Open, not fixed.....	1st \$17 of payment, average: Federal, \$4.67; State, \$1. Balance of payment up to \$30, average: Federal share is variable, based on per capita income, not more than 65 percent nor less than 50 percent. Federal share of administrative cost is 50 percent.	None. But see column on matching provisions.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—WELFARE ADMINISTRATION—Continued

Aid to the blind

[Statutory reference: 42 U.S.C. 1203]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To enable States to furnish financial assistance to needy blind persons and to stimulate the growth of rehabilitation and other services to help the blind attain and retain their self-support or self-care capability.	States.....	Open end, not fixed. Amount of appropriation depends upon the amount of the States' expenditure for the program.	First \$37 of monthly payment, average: Federal grant pays \$31. Balance of payment up to \$75. Federal share is variable, based on per capita income, not more than 65 percent nor less than 50 percent. Federal, may be 75 percent of cost of providing certain preventive and rehabilitative services, and of staff training. Federal share of administrative cost is 50 percent.	None. See column on amount of authorization.

Aid to the permanently and totally disabled

[Statutory reference: 42 U.S.C. 1353]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To pay part of the cost of financial assistance to needy persons, 18 years of age or older, who are permanently and totally disabled.	States.....	Open end. Not fixed.....	Federal, not less than 50 percent nor more than 65 percent, except as to certain items Federal funds may cover 75 percent of the cost. Federal share of other costs of State and local administration is 50 percent.	None.

Child welfare services

[Statutory reference: 42 U.S.C. 722]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist State agencies in establishing, extending, and strengthening child welfare services for the protection of homeless, dependent, and neglected children and children in danger of becoming delinquent.	State public welfare agencies.....	\$45,000,000 for fiscal year 1968-67 and fiscal year 1967-68, and \$50,000,000 a year thereafter.	Variable. Federal share not under 33½ percent or over 66½ percent of the total program cost.	Each State receives up to \$70,000 annually, but not less than \$50,000, depending upon the ratio of annual appropriations to the amount which is authorized to be appropriated. Additional amounts may be made available under certain prescribed factors.

Maternal and child health services

[Statutory reference: 42 U.S.C. 702]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To enable each State to extend and improve services for promoting the health of mothers and children. Grants may also be made for projects of regional or national significance that contribute to the advancement of maternal and child health services.	States.....	\$40,000,000 annually for fiscal years 1968 and 1967; \$45,000,000 annually for fiscal years 1968 and 1969; and \$50,000,000 annually thereafter.	Fund A: Federal, 50 percent; State, 50 percent. Fund B: No matching.	Half of the funds are placed in fund A: From this, States receive \$70,000, plus an amount in ratio to the number of live births in the State to total live births in the United States.

Medical assistance programs

[Statutory reference: 42 U.S.C. 1396-1396d]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist States in providing medical assistance on behalf of families with dependent children and of aged, blind, or permanently and totally disabled individuals, whose income and resources are insufficient to meet the costs of necessary medical services.	States with approved State plans.....	Not fixed.....	The Federal payment varies from 50 to 83 percent of State medical assistance payments under this program plus 75 percent of amounts for compensation or training of skilled medical personnel necessary for administration of the plan.	None.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—WELFARE ADMINISTRATION—Continued

Medical assistance to the aged (Kerr-Mills)

[Statutory reference: 42 U.S.C. 301-306, 1361-1365]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist States in providing medical services to individuals 65 years or older who are not recipients of old-age assistance but whose income and resources are insufficient to pay for such services.	States with approved State plans-----	Not fixed-----	State and local contributions vary from 20 to 50 percent of State expenditures for medical assistance. State and local contributions of at least 25 percent are required for preventive and rehabilitative services and personnel training.	None.

Old-age assistance

[Statutory reference: 42 U.S.C. 301-306]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist States in providing financial assistance to aged needy individuals and appropriate rehabilitation or other services to help such individuals attain or retain capability for self-care.	States with approved State plans-----	Not fixed-----	Federal funds pay \$29 of the first \$35 up to a maximum average monthly payment of \$70 per recipient. The Federal proportion of the next \$35 varies from 50 to 65 percent depending on the per capita income of the State. Federal funds pay 75 percent of the cost of preventive and rehabilitative services and staff training.	None. See matching provisions.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Assistance for basic water and sewer facilities

[Statutory reference: 42 U.S.C. 3101-3108 (O.E. 1965)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist and encourage local public bodies and agencies to finance the construction of specific projects for basic public water facilities and for basic public sewer facilities (other than treatment works) needed to promote the efficient and orderly growth and development of communities, and to acquire land for such future construction of public works and facilities.	Local public bodies and agencies-----	\$200,000,000 for each fiscal year, 1966, 1967, and 1968, to remain available until expended.	Federal, 50 percent of development cost, except in a community of less than 10,000 population the amount may be not more than 90 percent for a sewer facility.	None.

Assistance for code enforcement

[Statutory reference: 42 U.S.C. 1468 (O.E. 1965)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist cities, counties, and other municipalities in carrying out programs of concentrated code enforcement in deteriorated or deteriorating areas in which such enforcement, together with public improvements, may be expected to arrest the decline of the area.	Cities, counties, and other municipalities---	Funds to be advanced from urban renewal grant funds.	Federal, two-thirds of cost of planning and carrying out the program which may include the provision and repair of necessary streets, curbs, sidewalks, street lighting, treeplanting, and similar improvements, except three-fourths where the population is 50,000 or less.	None.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued

Assistance for neighborhood facilities

[Statutory reference: 42 U.S.C. 3103-3108 (O.E. 1965)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist local public bodies or agencies in financing specific projects for neighborhood facilities. Projects may be undertaken directly or through a nonprofit organization approved by the public body or agency.	Local public bodies or agencies	\$50,000,000 without fiscal year limitation	Amount shall not exceed 66⅔ percent of development cost of project or 75 percent of such cost if the project is located in an area designated as a redevelopment area under the Area Redevelopment Act or any supplementary act.	None.

Community renewal program

[Statutory reference: 42 U.S.C. 1453(d) (O.E. 1959)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist in the preparation and completion of community renewal programs which include the identification of slum or blighted areas, measuring the nature and degree of blight, determination of the financial and other resources needed to renew such areas, identification of potential project areas, and the scheduling of urban renewal activities.	Local public bodies authorized to perform the planning work necessary for preparation or completion of the program.	Funds to be advanced from urban renewal grant funds.	Grants may not exceed ⅔ of the cost of preparation or completion of the community renewal program.	None.

Demolition of unsafe structures in and outside of urban renewal areas

[Statutory reference: 42 U.S.C. 1467 (O.E. 1965)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist cities, counties, and other municipalities in financing the cost of demolishing structures unsound or unfit for human habitation and which under State or local law may be demolished.	Cities, counties, and other municipalities.....	Funds to be advanced from urban renewal grant funds.	Federal, shall not exceed ⅔ of cost.....	None.

Preservation and development of open-space land in urban areas

[Statutory reference: 42 U.S.C. 1500-1500e (O.E. 1961)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To encourage and assist States and local public bodies to help finance the acquisition of title to, or permanent interests in, open-space land in urban areas and its development for park and recreational purposes, conservation and other natural resources, or historic or scenic purposes.	States and local public bodies.....	Not to exceed \$310,000,000, without fiscal year limitation, but less \$64,000,000 for built-up areas, and \$36,000,000 for urban beautification.	Federal, 50 percent of total cost of acquisition, demolition, and removal.	None.

Provision of open-space land in built-up urban areas

[Statutory reference: 42 U.S.C. 1500-1500e (O.E. 1965)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To authorize contracts to make grants to States and local public bodies to help finance the acquisition of title to, or permanent interests in, developed land in built-up portions of urban areas to be cleared and used as permanent open-space land.	States and local public bodies.....	Not to exceed \$64,000,000, without fiscal year limitation.	Federal, 50 percent of cost of acquisition, demolition, and removal of improvements.	None.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued

Public low-rent housing

[Statutory reference: 42 U.S.C. 1401-1435 (O.E. 1937)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist States and political subdivisions to eliminate slums and blighted areas and to provide decent, safe, and sanitary dwellings for low-income families.	States and local public bodies.....	Originally \$20,000,000 for 1st 3 years. Now up to \$554,250,000 through July 1, 1968.	The State and local public body must exempt the property from taxation or make an equivalent payment in cash. If tax exempt, project pays in lieu of taxes at rate of 10 percent of shelter rent, or such lesser amount as will amount to a local contribution of at least 20 percent of the Federal contribution.	Since 1961, dwelling units in any one State may not exceed 15 percent of aggregate amount not already guaranteed. Maximum period is 40 years for annual contributions to be made to local public housing authorities under contracts fixing term and annual amount. The amount of annual payment is fixed under a statutory formula.

Urban beautification and improvement

[Statutory reference: 42 U.S.C. 1500-1500e (O.E. 1965)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist States and local public bodies in carrying out local programs for the greater use and enjoyment of open space and other public land in urban areas.	States and local public bodies.....	Not to exceed \$36,000,000 without fiscal year limitation.	Not to exceed 50 percent of amount by which the cost of the activities carried on by recipient during a fiscal year exceeds its usual expenditures for comparable activities. However, not to exceed \$5,000,000 of the amount may be used to make grants up to 90 percent of cost of activities having special value in demonstrating new and improved methods and materials for beautification use.	None.

Urban mass transportation

[Statutory reference: 49 U.S.C. 1601-1611 (O.E. 1964)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist States and local governments in financing the acquisition, construction, reconstruction, and improvement of facilities and equipment for use, by operation or lease or otherwise, in mass transportation service in urban areas, and in coordinating such service with highway and other transportation service in such areas.	States and local public bodies and agencies...	\$75,000,000 for fiscal year 1965, \$150,000,000 for fiscal year 1966, and \$180,000,000 for fiscal year 1967.	See "Apportionment Formula."	No initial allocation among States. Up to 2% of project cost from Federal grant. May not exceed 12 1/4 percent of total for any one State. 100 percent relocation payments from Federal grant—maximum of \$200 per individual, \$3,000 or actual moving expenses per business.

Urban renewal

[Statutory reference: 42 U.S.C. 1450-1464 (O.E. 1949)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To provide financial and technical assistance to local public agencies, including States and local public bodies, for the planning and carrying out of urban renewal projects involving rehabilitation and/or redevelopment of slum, blighted, or deteriorated neighborhoods.	States and local public bodies.....	\$4,700,000,000 ¹ increased by \$675,000,000 in 1965; \$725,000,000 in 1966; \$750,000,000 in 1967 and 1968.	Generally, Federal, 2% of net project cost. In special cases, Federal, 3% of costs after certain costs are paid by recipient. ²	Not in excess of 12 1/4 percent in any 1 State.

¹ Less \$25,000,000 for mass transportation demonstration projects, and \$5,000,000 for urban renewal demonstration projects.

² Additional funds are authorized for certain enumerated undertakings.

DEPARTMENT OF THE INTERIOR—FEDERAL WATER POLLUTION CONTROL ADMINISTRATION

Waste treatment works construction

[Statutory reference: 33 U.S.C. 466-466k (O.E. 1948)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist construction of necessary works (including intercepting sewers, outfall sewers, pumping, power, and other equipment) for the treatment of sewage or industrial wastes of a liquid nature. A related program provides grants to assist in the development of projects that demonstrate a new or improved method of controlling the discharge of inadequately treated sewage or other waste from sewers which carry storm water, both storm water and sewage, or other wastes. Contracts for research and demonstrations on this subject are also authorized.	Construction, States, municipalities, or intermunicipal or interstate agencies. Sewer overflow control demonstrations. Grants for project development, States, municipalities, or intermunicipal or interstate agencies. Contracts for research and demonstrations, public or private agencies and institutions, and individuals.	Construction, fiscal years 1966 and 1967, \$150,000,000 each year to remain available until expended. At least 50 percent of the 1st \$100,000,000 appropriated during a fiscal year shall be used for grants for treatment works serving communities of 125,000 or smaller. Sewer overflow control demonstrations, fiscal years 1966, 1967, 1968, and 1969, \$20,000,000 each year to remain available until expended. No grant or contract may exceed 5 percent of the total amount authorized in any 1 fiscal year. Not more than 25 percent of the amount appropriated may be spent on contracts for research and demonstrations.	Construction, grant may not exceed 30 percent of cost or \$1,200,000 whichever is smaller. (If project serves more than 1 municipality limit is \$4,800,000). These dollar limits will not apply to projects constructed with grants from allocations from appropriations in excess of \$1,000,000 if the State agrees to match equally all such allocations. These limits may be increased 10 percent for any project certified by a State, metropolitan or regional planning agency as being in accord with the comprehensive plan for the development of the metropolitan area. Sewer overflow control demonstrations, grants may not exceed 50 percent of the estimated reasonable cost. Contracts, none.	Construction, the first \$100,000,000 appropriated each fiscal year is apportioned among the States, half on a population basis and half on a per capita income basis. The remainder, if any, is apportioned on a population basis. Sewer overflow control demonstrations. None.

OFFICE OF ECONOMIC OPPORTUNITY

General community action programs (antipoverty)

[Statutory reference: 42 U.S.C. 2781-2791, 2831 (O.E. 1964)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist local communities to mobilize their resources to combat poverty through community action programs, and pay expenses of development and administration.	Public or private nonprofit agencies.....	Part of \$850,000,000 for fiscal year 1966; and for fiscal years 1967 and 1968 such sums as Congress may authorize. (This authorization is shared with adult basic education program and the voluntary assistance program for needy children.)	Federal, 90 percent through Aug. 20, 1967; up to 50 percent thereafter (with discretion to exceed these limits under special circumstances).	See note below.

NOTE.—After reserving 2 percent for allotment to territories and 20 percent as a discretionary fund, the remainder is to be allotted among the States: $\frac{1}{3}$ in proportion to the number of public assistance recipients, $\frac{1}{4}$ in proportion to the number of unemployed persons, and $\frac{1}{3}$ in proportion to the number of children under 18 years of age living

in families with annual incomes of less than \$1,000. Statutory guidelines are also provided for allocating funds among areas, rural and urban, within each State.

Work-training programs (antipoverty)

[Statutory reference: 42 U.S.C. 2731-2736 (O.E. 1964)]

Purpose	Eligible recipient	Amount of authorization	Matching provisions	Apportionment formula
To assist and cooperate with State and local agencies and nonprofit organizations in developing programs of useful work experience opportunities for unemployed young men and women through participation in State and community work-training programs to increase their employability or chance of resuming their education.	State and local agencies and private nonprofit organizations.	Part of \$640,000,000 for 1966; for fiscal year ending June 30, 1967, and the succeeding year such sums as the Congress may hereafter authorize. (Job Corps program shares this authorization.)	Federal, 90 percent of cost for 3 years after Aug. 20, 1964, and thereafter not to exceed 50 percent, unless increased by regulation.	Not more than $12\frac{1}{2}$ percent of any funds for any fiscal year shall be used in any one State. Allotment among the States shall be on the basis of population, unemployment, and family income levels.

Mr. MUSKIE. In addition, I would note that the maximum impact on the fiscal year 1967 budget would be a modest \$12 million for planning.

Finally, Mr. President, the committee has provided a \$250 million authorization for additional urban renewal funds to assure that the demonstration cities program would not use a disproportionate amount of existing urban renewal grant authority to the detriment of cities not participating in the program, particularly small towns. The \$250 million estimate is tied to the 2-year monetary authorization for supplemental grants.

I want to underscore the committee's intent that the comprehensive city demonstration program is not to be used simply as a means of accelerating urban renewal projects. The program is designed to place in better balance, social and physical renewal programs aimed at meeting the needs of people living in slum and blighted areas.

The comprehensive city demonstration program is a bold new effort, Mr. President, but it is essential if we are to make our cities what they ought to be. We have learned from the shortcomings of the past that fragmented, uncoordinated applications of individual programs—however desirable in and of themselves—will not correct the spiraling crisis of the cities.

What we propose to do is analogous to our aerospace program, where several years ago we abandoned the practice of trying to fit separately developed components together. Today we use the systems approach to complex, but inter-related problems.

The housing, education, job opportunity, physical, and social needs of men and women are part of the total environment of the cities. They should be treated as such.

As Prof. Norton Long has written:

It is this circle [of the troubled environment of the cities] that can indeed be a vicious circle, that housing, education, jobs and income are all linked together. If you don't have the housing, you don't have the access to the education. If you don't have the education, you don't have access to the jobs. If you don't have the access to the jobs, you don't have the income. If you don't have the income, you can't buy the housing.

The reason why we have to do something about this problem is that our policy of storing people is much more shameful and wicked than the policy of storing grain. The grain merely rots, but the people rot and reproduce, and the people they reproduce rot, too, until it is brought to our attention out in the containers of poverty, by explosions like Watts.

The comprehensive city demonstration program is also designed for broad application, throughout our Nation. Eligibility is limited by need, not size or geographic location. The net effect of the program will be to help those in need in the slum areas and by so doing to contribute to healthier and better-balanced cities.

This approach appeals to me because it is humane, because it is consistent with our experience in other fields, and because it calls for prudent and sound management of our resources.

Mr. President, title II of S. 3708 is a logical extension of the coordination concepts of the comprehensive city demonstration program. As I noted earlier in my remarks, one of the principal objectives "will contribute to a well-balanced city." Such balance cannot be achieved unless the metropolitan area in which a city is located has an effective, coordinated planning program. And metropolitan areas without effective planning and coordination of their physical development are inviting blight, decay, and economic dislocation.

The original administration proposals were contained in S. 2977, introduced by the distinguished chairman of the Housing Subcommittee [Mr. SPARKMAN]. The subcommittee broadened and reorganized those proposals to provide for a logical progression in metropolitan area planning and development, particularly in connection with Federal grant-in-aid programs which affect the physical development of such areas.

The first step in such coordination requires the Federal Government to put its own house in order. Under section 202 of the bill, the Secretary of Housing and Urban Development is authorized to obtain from other Federal agencies statistical data, program reports, and other material needed to carry out the metropolitan area responsibilities of the Department. In addition, Federal departments and agencies carrying out metropolitan area programs would be directed—to the maximum extent practicable—to consult with and seek advice from all other significantly affected Federal departments and agencies.

I recognize that this language is primarily an expression of intent. It does not compel coordination by Federal agencies. But we hope this precatory language will be heeded by the executive branch. If it is not, the Congress may have to consider more detailed and specific coordination requirements.

To help encourage coordination of Federal activities in metropolitan areas, section 203 of the bill would authorize the Secretary of Housing and Urban Development, upon the request of duly authorized local officials and after consultation with local governmental authorities, to appoint for any metropolitan area a "metropolitan expediter" to provide information, data, and assistance to local authorities, organizations, and persons and to relevant Federal agencies with respect to the Department's programs and activities and other related activities and needs in the area.

The committee has made it clear that the services of the expediter can be provided only on local request and that his role would be entirely advisory. In no way would he impose Federal control over local decisions affecting metropolitan development.

Section 204 is a committee amendment. It would require that all applications for Federal loans or grants to assist in carrying out projects for open-space land, hospitals, airports, libraries, water supply and distribution facilities, sewerage facilities and waste treatment works, highways, transportation facilities, or

water development and land conservation within any metropolitan area must, after June 30, 1967, be submitted for review and comments by a metropolitan-wide comprehensive planning agency which is, to the greatest extent practicable, responsible to the elected officials of the general local governments. It would further require that such an application by a special purpose unit of local government must also be submitted to any affected general local governments.

This proposal is consistent with proposals contained in sections 503 and 504 of S. 561, the intergovernmental cooperation bill approved by the Senate earlier in this Congress.

The committee retained, essentially unchanged from the original administration proposal, section 205 which authorizes incentive grants on federally aided projects in metropolitan areas where State and local governments are cooperating fully in planning and programming, and carrying out all their major activities in accordance with such planning and programming.

And so, Mr. President, in title II we have provided for progressive improvements in planning and development for our metropolitan areas.

First, we call upon the Federal departments and agencies to coordinate their activities.

Second, we provide for metropolitan expeditors who, at local request, can help such coordination in metropolitan areas.

Third, we require minimum levels of cooperation and coordination at the local level as conditions for receipt of certain Federal grant-in-aid funds for metropolitan development.

Finally, we provide incentive grants for more effective coordination of metropolitan area planning and development.

Title III, Mr. President, is a modification of the earlier urban information center proposal contained in title IV of S. 2977. The distinguished junior Senator from New Hampshire [Mr. McINTYRE] developed the new provisions which were adopted by the committee.

The new program seeks to fill the needs of local governments, organizations, and individuals to know more about Federal programs affecting urban development. It would authorize the Secretary of Housing and Urban Development to make grants to assist programs of States and metropolitan area agencies for the establishment and operation of urban information and technical assistance centers. In addition, the program would provide technical assistance to small communities, of not more than 25,000 persons, relating to urban problems.

CONCLUSION

These are our proposals, Mr. President. In my opinion, they represent a sound implementation of the President's recommendations. They are responsive to the national concern over the plight of our cities and metropolitan areas.

The proposals are not confined to one section of the country. They are not limited to one type of situation—cities and counties of all sizes, councils of gov-

ernments, State and local agencies are eligible to participate.

We have tried to treat the problems of these areas as a whole. We have kept the programs flexible. We have emphasized local initiative and direction.

I believe this legislation offers us a challenge and an opportunity to focus the great resources of our Nation through the use of "creative federalism" on one of the most critical, complex, and vital domestic questions of our day, the question posed by the President:

Shall we make our cities livable for ourselves and our posterity? Or shall we by timidity and neglect damn them to fester and decay?

Mr. President, I propose we take the constructive approach, learning from the past, using our imagination, building for the future. I urge approval of S. 3708.

Mr. President, I yield the floor.

Mr. TOWER. Mr. President, again may I say that even though I am opposing this measure, the distinguished Senator from Maine has made some very significant improvements in this measure in committee, and he is to be commended for having done so. I only regret that I must debate what I consider the lack of merit in this measure with so formidable and estimable and eloquent a gentleman as my distinguished friend, the Senator from Maine.

Mr. President, President Johnson said before the National Legislative Conference, National League of Cities, March 31, 1966:

The investments you are making in your cities are vital to our future. We would like to complete them all at once. But if we attempt to do too much, too soon, we will end by accomplishing less by borrowing our money, by issuing bonds when the cost of money is at the highest point in several years—when costs are skyrocketing and materials and skilled labor are scarce. I ask you to go home and get out your lead pencil—and take a good hard look at your next quarterly budget expenditures.

I believe the President's evaluation of the city development problem to be exactly right.

I believe that the President, to be consistent after having expressed this strong opinion, would join me in voting against this bill if he were back in the Senate.

The so-called demonstration cities bill, title I of S. 3708, is an expansion of a faltering urban renewal program which will be financed almost totally with Federal funds.

The facts and figures on urban renewal prove beyond doubt that the program has hit dead center because of the failure to inject some basic thinking into a program that deserved a better fate.

Urban renewal was an enticing fantasy that preyed on cities which could not afford all the luxury in a hurry that such a program offered. Much like the human failure of overindulgence at an attractive cafeteria counter.

The cities' one-third share of the project costs has become more and more difficult to meet despite the promising tax profits to be derived from improved property rising on the project sites. One project created another—moving people and businesses to less expensive areas

than that to be developed by urban renewal.

Urban renewal, the great promise to the cities, has deteriorated to the point where only \$1.5 billion in Federal funds has been spent since 1949 out of a total of \$7.6 billion authorized during that period. Of course, \$5.6 billion has been committed, but it obviously is much easier to commit than to spend when it is necessary for the cities to raise from their taxpayers the one-third of the cost of a project on which the Federal Government offers to pay two-thirds.

That is why another dreamworld of spending is planned for the cities, but this time the Federal Government's share in the demonstration cities proposal can run as high as 95 percent because under certain conditions the Federal Government would be authorized to contribute 80 percent to the local share of project costs.

The administration sought to have no limit on congressional authorizations for this new program and supported this indefinite money position by professing some indefiniteness in just how many cities would get the benefit of the program and to what extent each fortunate city would benefit.

Nevertheless, administration figures submitted in testimony before the committee made possible the estimation of total costs of approximately \$2.9 billion for a 5-year program.

The committee reduced the program from a 5-year program to a 3-year program and fixed authorization limits at \$12 million for the first year, which is a planning year, and at \$400 million for fiscal 1968 and \$500 million for fiscal 1969, which would be considered the programming years, or the years in which the Federal contributions would be made on active projects.

Mr. MUSKIE. Mr. President, will the Senator yield?

Mr. TOWER. I yield to the distinguished Senator from Maine.

Mr. MUSKIE. The Senator from Texas and I wish to state the basic facts accurately. I wonder whether the Senator would explain the \$2.9 billion figure. I understood that originally it was \$2.3 billion for demonstration cities. There are additional costs associated with title II.

Mr. TOWER. I believe the total estimate for a 5-year period was \$2.9 billion. But I shall be glad to check those figures and discuss them with the distinguished Senator from Maine tomorrow.

Mr. MUSKIE. All right.

Mr. TOWER. Even so, this change in the bill can hardly be classified as a redeeming improvement in light of the fact that new expenditures are to be committed by Congress at a time when "costs are skyrocketing and materials and skilled labor are scarce," as President Johnson said to the city representatives only last March.

Before our committee on August 4, Gov. J. L. Robertson, of the Federal Reserve Board, testified that recommendations for reducing Federal Government expenditures had been made to President Johnson because of existing inflationary pressures.

I believe it is appropriate to go further into the testimony of Governor Robertson, as well as that of Joseph W. Barr, Under Secretary of the Treasury who also appeared before our committee, because the basic issue before us at that time concerned the halting of inflationary pressures.

In testifying on a bill to deal with interest rate regulation, Governor Robertson warned of "boom and bust" dangers and said:

We are in the midst today of an inflationary situation. The inflation pressures are great. In my opinion the dangers of inflation are much greater than the dangers of high interest rates. The cost to the people of this country is much greater in the case of inflation than in the case of high interest rates.

Governor Robertson told the committee that the continued use of monetary policy and failure to use fiscal policy will put additional upward pressure on interest rates. He also said that recommendations have been made to President Johnson that expenditures be reduced to curb the demand for money.

Secretary Barr said that it would be desirable to "pay something on the Federal debt this year" and that this is the year "we should be in balance or as close to balance as possible, or surplus."

These statements by men charged with a great deal of the responsibility of protecting the economy against extreme and damaging fluctuations only serve to emphasize the President's own words of caution against overspending in the cities during these times of expensive money.

It should be noted that the committee minority did not take the demonstration cities program apart item by item for criticism because there are recognizable needs for assistance in many of our great cities. However, as the President said, too much might be attempted too soon.

As we indicated in our report, the Congress would not be deserting the cities by postponing the expansion of expenditures for city rehabilitation at this time. We have pointed out the inability of the cities to carry out commitments already given for urban renewal projects and much more money will be available throughout the next 3 years. Last July 1, an annual authorization of \$750 million for urban renewal capital grants became effective. Additional authorizations of \$750 million will become effective on July 1, 1967, and July 1, 1968.

Further proof that Congress is fully cognizant of the problems in the Nation's cities and that those problems will be subject to continued consideration is contained in the 1965 approval of an increase in planning grant authorization of \$125 million, which brings the total to \$230 million, to be available until expended.

The city redevelopment program need not stand still for lack of funds either for planning or actual development work in the event that the Congress rejects this proposal authorizing over \$900 million. This is a period in which difficult decisions must be made. With our economic machine running wide open, priorities are necessary.

Expenditures cutbacks have been recommended—and in some cases accomplished—on a few isolated domestic projects. The savings from these cutbacks would be swallowed up, however, by only a fraction of what is sought to expand city redevelopment.

Aside from the obligations we face in Vietnam and second-front fighting against inflation in our Nation, the judgment used in planning this demonstration cities program is questionable. With Dr. Robert D. Weaver, Secretary of Housing and Urban Development, admitting that a single city of 1 million population could qualify for more than \$400 million and a city of 50,000 population could qualify for as much as \$23 million, it becomes quite obvious that only a chosen few of the Nation's cities, large or small, would share in the benefits to be derived from the expenditures of additional hundreds of millions of dollars called for in this bill.

Title II of the bill providing grants to assist in the orderly development of metropolitan areas has a laudable purpose. Certainly planning is essential to orderly development and it is important that the planning, if approved by local civic leaders and a majority of the residents in an area, be followed.

It is no less obvious that the multiplicity of political jurisdictions and agencies involved in metropolitan development make it difficult to achieve the type of overall planning that would fully integrate the efforts of each to meet the economic and social needs of those residing in the subdivisions of a metropolitan area.

While we express accord with the objective of the bill we cannot support it as a means to that end.

Among other reasons Why we withhold our support, is that already voiced about expansion of federally financed programs at a time when our economic machine is already straining its capacity. Even if this proposal contained no objectionable provisions, the economic situation at this time would warrant our opposition.

It is suggested that one of the reasons for this legislation is the complexity of metropolitan government and the multiplicity of political jurisdictions and agencies involved. We do not find anything in the bill that would lessen the complexity or reduce the number of jurisdictions. These, we feel, should only be altered by the voice of the people, and as has been evident in case after case, the people have not voted to accept an overall metropolitan government.

The voice of the people in each political subdivision of the metropolitan planning area must not be circumvented by any Federal redevelopment plan. They should have the opportunity to either be part of the plan or refuse to be part of it depending upon the combined judgment of the residents.

The requirement in section 202 of this title that all Federal agencies consult with and ask advice from all other agencies to assure fully coordinated programs is redundant at best and an indictment of the present administration of Federal programs. It is indefensible

that agencies using public funds would not take all possible measures to assure that any projects under their administration relating to metropolitan development were in accord with proper area development and all other federally assisted projects, even in the absence of a congressional mandate.

There may be reason for rivalry among private individuals, firms, or institutions, but there is no excuse for such among those who are supposed to be public servants.

We are not of the opinion that it is necessary to provide an additional Federal incentive of 20 percent, thus reducing the local share in order to bring about metropolitan planning, nor have we been convinced that the funds provided in this title will increase planning. We suspect that those advanced areas which already are well along with their planning will receive the supplemental grants as a windfall and that little additional planning will result.

The Federal Government is already contributing from 50 to 90 percent of the cost of a wide variety of projects ranging from sewer facilities to beautification projects. We see no reason why the Federal contribution as set forth in programs which are already now part of the law are not predicated on the condition that the assisted project fit into a coordinated plan.

Last year, a bill which would have made areawide planning a condition for Federal participation in local programs was approved by the Senate. We feel that that bill, S. 561, would be a more appropriate measure for the stimulation of metropolitan planning, at no additional expense for the Federal Government.

Mr. President, this legislation would require that any land development or uses which have a major impact on the development of the area, whether federally assisted or not, must be carried out in conformance with the comprehensive plan approved by the Secretary of the Department of Housing and Urban Development. Thus, not only would the Secretary have a stranglehold over the projects which receive Federal aid, but also any other construction or development in a metropolitan area. He would have this by virtue of the fact that the supplemental Federal share on federally assisted projects can be withheld unless all development having metropolitan-wide or interjurisdictional significance, is in accord with the plan.

While it is desirable that all development proceed in an orderly manner, we do not feel that it is necessary or in keeping with American tradition to give the Secretary such great power over city development.

Some of the projects which, under this legislation, would receive an additional 20 percent Federal aid are not under the administration of the Department of Housing and Urban Development nor the jurisdiction of the Banking and Currency Committee.

If additional subsidy is needed by localities for the development of waste treatment works or outdoor recreational facilities, administered by the Depart-

ment of the Interior, or if the Federal share of Federal highway programs and public works and development facilities administered by the Department of Commerce; or airport planning and development administered by the Federal Aviation Agency, then let those congressional committees which have responsibility for these programs recommend an increase in the Federal share. It would be far better that the increase be based on the operation of each program and the needs not now being filled than that there be an across-the-board, 20-percent increase in the Federal share.

Title III, setting up urban information and technical assistance services, is a belated recognition that small cities are not in a position to benefit from either the demonstration cities program or the metropolitan development program. Although it has been stated again and again by supporters of the two programs that they would be for both large and small cities, it is evident that the small city civic organizations are not even aware of the Federal subsidies now available, to say nothing of their inability to meet the planning requirements.

This prompted acceptance of title III of the bill which would provide a means by which a small community with a population of 25,000 or less can receive from the Federal Government, grants up to 50 percent of the cost of the operation of technical assistance and urban needs centers.

Mr. President, there is no convincing evidence that the administration intends to cut back its demands for domestic Federal expenditures. In the absence of measures bringing about an increase in receipts, it is unrealistic to suggest that we pay something on the Federal debt, as the Treasury Department testified, unless we take action that will lead to that end. We have yet to see a Federal budget that does not equal the sum of its parts. This bill would authorize an increase in spending of \$1 billion.

We cannot expect others to show restraint unless, we, too, are willing to do so. It is extremely difficult to cut back on established programs but it is possible to either postpone or reject proposed new programs.

I suggest that the welfare of this Nation could best be served by such action.

Mr. President, I intend to call up an amendment so that it may be made the pending business. That will be my amendment No. 746. I ask unanimous consent that the time agreed to in the consent agreement on debate will begin tomorrow, when the matter is taken up.

THE PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I call up my amendment No. 746, and ask that it be stated.

THE PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceed to state the amendment.

Mr. TOWER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

THE PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 14, strike out lines 7 through 12 and insert in lieu thereof the following:

"(b) The Secretary shall prepare and submit to the Congress, not later than June 1 of each of the years 1967 and 1968, reports setting forth the number of comprehensive city demonstration programs which have then been submitted to him for review, as provided in section 105(a); the number of such programs which he determines satisfy the criteria set forth in section 103; the city demonstration agencies which have submitted programs which satisfy such criteria; and an estimate of the cost to the Federal Government in providing assistance under this title to such city demonstration agencies in administering and carrying out such programs.

"(c) No funds shall be appropriated for the purpose of financial assistance and administrative expenses under sections 105, 106, and 107 prior to the receipt by Congress of the reports referred to in subsection (b)."

On page 14, line 13, strike out "(c)" and insert "(d)".

Mr. TOWER. Mr. President, the thrust of my amendment is that it would make this essentially a planning bill, leaving in the authorization money for planning, but would eliminate the authorizations for fiscal 1968 and fiscal 1969, to the extent that we could come back next year and review the plans and perhaps pass an authorization measure then. This is the thrust of my amendment.

Mr. MUSKIE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McGOVERN. Mr. President—

The PRESIDING OFFICER. The Senator from Texas [Mr. TOWER] has the floor.

Mr. TOWER. I yield the floor.

The PRESIDING OFFICER. The Senator from South Dakota [Mr. McGOVERN] is recognized.

Mr. McGOVERN. Mr. President, I send to the desk an amendment on behalf of myself and the junior Senator from Minnesota [Mr. MONDALE] and ask that it be stated.

The PRESIDING OFFICER. An amendment is now pending at the desk.

Mr. McGOVERN. Mr. President, I ask unanimous consent that the pending amendment be temporarily laid aside, so that the Senate may proceed to the consideration of my amendment.

The PRESIDING OFFICER. Is there objection to the request? The Chair hears no objection, and it is so ordered.

The amendment of the Senator from South Dakota [Mr. McGOVERN] will be stated.

The legislative clerk read as follows:

(A) On page 14, line 20, after the second word "City" insert a comma and the words "the county," and line 22 after the words "governing body" insert the words "of such city or county."

(B) Starting in line 25 on page 14 and ending in line 1 on page 15, strike out the words "or, with respect to urban areas outside of incorporated municipalities."

Mr. McGOVERN. Mr. President, this is a very simple amendment. The two modifications of section 112 of S. 3708 which are proposed are intended to make it clear that county governments may be the instrumentality for the administration of projects under the act and that their jurisdiction is not limited to unincorporated urban areas outside municipalities.

The first change proposed amends subsection (2) which now defines a city demonstration agency as "the city or any local public agency established or designated by the local governing body" to specify county governments making it read: "the city, the county or any local public agency designated."

The second proposed change in language eliminates from subsection (3) which defines the meaning of the word "city," to strike out the phrase "or with respect to urban areas outside of incorporated municipalities" and make it read:

City means any municipality (or two or more municipalities acting jointly) having general governmental powers.

To limit the counties to unincorporated urban areas will bar the inclusion in any project under the act of any predominantly rural area, and it will exclude the counties from any really meaningful participation.

In many of our States, counties are empowered to provide services contemplated by this legislation in both incorporated and unincorporated areas.

In 14 States, I am advised, counties are empowered to sponsor urban renewal and public housing programs. The National Association of Counties is working with the Department of Housing and Urban Development in developing model enabling legislation to extend county jurisdiction in other States to do likewise.

Where counties provide urban renewal and public housing, they are not limited to doing so in unincorporated areas only nor are they limited to building county hospitals or sewage treatment facilities or schools in the unincorporated areas.

The unrestricted authority of counties to participate is, in my opinion, a matter of very great importance. A city and its suburbs cannot be administered efficiently and successfully as two separate units. Nor are all urban problems going to be solved in urban areas for a considerable cause of urban problems lies out in the predominantly rural areas of America—where 45 percent of all the poverty exists—where victims of rural poverty by the thousands annually start their trek into the urban areas in search of opportunities.

Mr. President, I have discussed this amendment with the distinguished Senator in charge of the bill, and I hope that it will be adopted.

Mr. MUSKIE. Let me say that the distinguished Senator from South Dakota and the distinguished Senator from Minnesota [Mr. MONDALE] have indicated to us their great interest in this amendment. We have examined it from a technical point of view. We have discussed it with the agency. We find it to be completely consistent with the pur-

poses and intent of the bill, and we are willing to accept it. It is a desirable, technical modification of the language of the bill.

To indicate its consistency, I refer to the following language, found in section 101 of the present act:

The Congress further finds and declares that cities, of all sizes—

Are covered.

Then later, in the same section, the following language:

The purposes of this title are to provide additional financial and technical assistance to enable cities of all sizes (with equal regard to the problems of small as well as large cities) to plan, develop, and carry out locally prepared and scheduled comprehensive city demonstration programs.

In other words, it is the desire and intent of the bill to hit at the disease wherever it exists. It is not our desire and we would not welcome any language in the bill which would inhibit our ability to deal with this disease because it happens to exist in a county which, for technical reasons, is not covered by the definitions in the bill.

We recognize the problem raised by the Senator from South Dakota and welcome his amendment.

Mr. TOWER. Mr. President, speaking for the minority, we are perfectly prepared to accept and be amenable to the amendment of the Senator from South Dakota.

Mr. McGOVERN. I thank the Senator from Maine and the Senator from Texas, who have given long and careful attention to this bill. I think they would be the first to recognize that many of the problems of poverty and disorder which we have in the cities today are aggravated by the migration of people who cannot find opportunities in the rural areas and move to the cities and add to the congestion and problems which already exist there.

Therefore, to whatever extent we can, we should apply the remedy of this bill to the people in the smaller towns and the rural areas where there are limited opportunities, because then we will be dealing with poverty at a major source rather than after it has been exported to the cities.

I thank the Senators from Maine and Texas.

Mr. MUSKIE. The Senator is eminently correct, let me say, in suggesting the correlation between poverty in the rural areas and poverty in the urban areas.

In the sense that we have this urban migration from the country, we are transporting social problems which are implicit in the condition of so many of our rural areas.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Dakota.

The amendment was agreed to.

Mr. MUSKIE. Mr. President, before yielding the floor, I wish to express my appreciation to the Senator from Tennessee for being so generous in withholding the remarks he is about to make this afternoon, on what I am sure will be legislation of great importance, in

order to enable us to proceed with our business on this bill.

Mr. TOWER. Mr. President, let me also express my great appreciation to the Senator for his wonderful generosity and patience in waiting on us.

Mr. McGOVERN. Mr. President, I, too, would like to join in thanking the Senator from Tennessee for allowing me to proceed with my amendment.

Mr. GORE. Mr. President, I am about to be overwhelmed by these wonderful encomiums. Let me say that I am very happy to be able to accommodate my friends in expediting the business of the Senate.

Mr. KENNEDY of Massachusetts. Mr. President, I should like to join in the accolades being heaped on the Senator from Tennessee, and would ask if he would yield to me for a few moments to make a few remarks on the subject of the demonstration cities bill.

Mr. GORE. I am happy to yield to the Senator from Massachusetts for that purpose.

Mr. KENNEDY of Massachusetts. Mr. President, I wish to add my voice in support of the demonstration cities program, which I consider among the most important pieces of legislation to come before this Congress. Rebuilding our cities is the great domestic challenge of the next decade. Our country grows increasingly urban. But the cities themselves become less and less habitable, and less and less able to pay the costs of the reforms so desperately needed to arrest the precipitous decline in the quality of urban life.

At the present time over 7 million homes in our cities are run down or deteriorated. Over 3 million do not have hot and cold running water and adequate plumbing. The human and physical decay of our cities forces the costs of city services upward, yet attempts to finance those costs through taxes drives to the suburbs those best able to finance the cities' rehabilitation.

The problems of urban decay are most accentuated for the particularly blighted areas within our Nation's cities. Despite the national prosperity of the last 5 years, the great urban ghettos have not shared in our growing affluence. In Watts, for example, in the last 5 years the rates of poverty, unemployment, and standard housing have increased. Places like Watts, and they are many, are losing ground as they become the final resting places for the truly disadvantaged—the aged, the handicapped, the deserted or unwed mother, the illiterate, the incompetent, and the Negro poor. These places exist in every major city and their identifying characteristics are everywhere the same: noise and filth and congestion; crime and disease and delinquency; lack of education and recreation facilities. In these areas people live in isolation, sealed off from the mainstream of urban life, full of anger and despair and hatred of the society outside.

The real test of America as a civilization will be whether we possess the determination and the ingenuity necessary to concentrate, from all levels of government and private industry, enough of our vast resources to reverse this decline—

to meet this crisis by a joint, coordinated, and massive effort aimed at the physical and human renewal of the blighted sections of our cities.

I do not see how we can afford to delay any longer. The decline of our cities grows more serious each day, denying to all Americans what should be the centerpiece of a Great Society, and succeeding only in building higher the walls of separation—between the urban poor and the suburban well to do, between the black man consigned to a ghetto life of hopelessness and failure and the white man driven to the suburbs by the ugliness and violence of today's cities, between the complacent and the despairing. This situation is wrong, and dangerous. It has sown the seeds of insurrection and riot and it will continue to do so as long as these conditions continue.

Indeed, I do not believe there can be any question that the racial problem in American today is as serious as it is largely because of our failure to make our cities liveable. And I do not believe we can hope to bridge the gulf that presently separates Negro and white Americans until we can tear down these ghettos and revitalize our cities. For as long as the Negro is isolated from white Americans and denied mobility and access to decent housing, his children will go to segregated schools of inferior quality, he will pay more for the inferior housing to which he does have access, and he will be cut off from the power structures of government—unable to communicate or participate in the white society that surrounds him.

The rebuilding of our cities will require nothing less than a massive undertaking—an enormous commitment of resources, channeled through a program which can effectively harness our efforts in an intensive attack on our urban needs.

Up to now, we have simply devoted too little of our resources—and expended them in fragmented, diffused and often conflicting programs—to adequately cope with problems requiring the utmost in coordination and intensive focus in order to achieve maximum impact.

But the demonstration cities program offers something new. It reflects a number of key premises:

That the problem of our cities is a national problem of such dimension as to justify substantial Federal assistance.

That the problems are not just ones of physical renewal; physical rehabilitation must be accompanied by more effective use of existing programs focusing on human needs, providing those who live in the area with access to jobs and good schools and hospitals and recreation facilities and social services.

That for these existing programs to be truly effective, they must be coordinated by a larger design, providing a concentrated focus on the area being rehabilitated.

That each urban area is unique with its own problems, and that therefore each demonstration city program should be locally prepared and scheduled with the Federal financial incentives offered as support and to maximize local initiative and innovation.

In my judgment, all of these premises are valid. They reflect the lessons we have learned from a history of developing federalism, and from a growing awareness of what must be done to save our cities.

These premises apply to small cities as well as large and the legislation before us would afford assistance to both large and small cities in all parts of the country. Cities in every State could participate, each responding to its special problems in its own way. All a city would have to do is to designate the city demonstration agency to coordinate its program. The agency could then apply for a grant to plan a program and this planning grant would enable the agency to tie together the many local organizations and programs which must be joined together if our urban problems are to be adequately met. And once the program was thoroughly planned and coordinated the city could receive Federal funds in addition to the Federal assistance available under other Federal programs. This supplemental grant of up to 80 percent of the non-Federal contribution to these other programs should stimulate the cities to make maximum use of existing Federal aids as well as providing additional Federal support, to finance additional projects or upgrade ongoing projects.

In other words, the demonstration cities bill provides the machinery we need for the concerted and coordinated use of our wealth of specialized urban assistance programs. It provides desperately needed financial assistance to our cities. It provides for an exchange and coordination of the technical knowledge that is in short supply.

Mr. President, for a city to become eligible for assistance under this legislation, it must develop acceptable programs for increasing jobs, increasing educational opportunities, improving community and health facilities and increasing the supply of decent housing for low-income families. In other words, it would be up to the city to harness the creative energies and resources available to it in order to launch the most effective attack on its problems. The cost of this program is minimal considering the impact it can have. Only \$12 million is authorized for planning in fiscal year 1967-68, and supplemental grant authorizations total only \$900 million for fiscal years 1968-69. Yet the resources which could be mobilized through this program at all levels of government would be many times this figure and the return on this investment both in human and economic terms greater still. Indeed, if this program is to realize its potential as a means for rebuilding our cities, far greater sums will have to be committed in the future. But this at least is a beginning.

But we must be absolutely clear that the minimum funding and the minimum program length commitment set forth in the bill are really just bare minimums. If we are to expect local administrators, mayors, and city managers to plan and develop programs and to devote their resources to these programs, then they must have solid assurances that the Federal Government really intends to go

down the line on this program. I think we can give such assurances. This program is just a beginning—but it is the beginning of a long range and massive commitment by the Federal Government to devote whatever is necessary to meet the crisis of our cities.

My concern for the fate of this bill is very real. The Commonwealth of Massachusetts also needs help in solving its urban problems.

Our three largest urban centers—Boston, Worcester, Springfield—are blighted by more than 90,000 dilapidated, substandard housing units. An average of 12 percent of their people have substandard incomes—below \$3,000 yearly. We suffer from rising unemployment as a result of industrial withdrawal from the labor market—particularly in Springfield, where the arsenal is threatened by a closing order of the Defense Department.

By such criteria, these cities parallel—even exceed—the general urban problem profile.

Nor have we been idle. Boston's ABCD community development program and Springfield's redevelopment agency for example have tackled our problems with the fragmented programs at our disposal.

We have learned that piece-by-piece efforts are not able to do the whole job in Worcester or Boston or Springfield, or smaller cities like Malden, Fall River, and New Bedford anymore than they do the job in Chicago or Washington or Los Angeles.

I believe this demonstration cities bill will make it possible for us to consolidate programs we have already begun, and give them total direction and the added drive that will take us a long way ahead.

In my State, I would expect participation in the demonstration program to extend our present activity to comprehensively attack blight in the Roxbury-Dorchester-Jamaica Plains area, and in our south Boston area.

In the Springfield-Chicopee metropolitan area—where redevelopment Chairman Breck has already affirmed an interest in early participation—the program could materially help to meet the problems created by industrial movement, and by the shutdown of the Springfield Arsenal.

The bill offers our cities enough to get our programs started.

Mr. President, I do not believe we can successfully deal with the problems of our cities if we continue as we are now. Existing Federal programs have not made progress commensurate to the accelerating problems. The cities themselves lack the resources to do the job alone. The demonstration cities program, by knitting together existing programs, by emphasizing the need to deal with people as well as with real estate, and by offering incentives and support to the cities, is a major new approach which deserves our support. I urge its enactment.

Mr. President, before I yield the floor, I once again wish to express my appreciation to the Senator from Tennessee [Mr. GORE].

(Mr. RUSSELL of South Carolina took the chair as Presiding Officer.)

A NONPROLIFERATION TREATY IS URGENT

Mr. GORE. Mr. President, the late President Kennedy observed in March of 1963, that in the 1970's the President of the United States might be forced to face a world "in which 15 or 20 or 25 nations" have nuclear weapons, a situation which he regarded "as the greatest possible danger and hazard." President Kennedy's sense of urgency in dealing with the problem of nuclear proliferation was most explicit during his report to the Nation in 1963 on the nuclear test ban:

He said that—

We have a great obligation . . . to use whatever time remains to prevent the spread of nuclear weapons, to persuade other countries not to test, transfer, possess, or produce such weapons.

President Johnson has characterized nuclear proliferation as the "gravest of all unresolved human issues," thus indicating the deepest of concern.

Nor has Congress been remiss in sounding warning of this ominous threat to man's very existence. In January of this year, the distinguished Senator from Rhode Island introduced a resolution commending the President's "serious and urgent efforts to negotiate international agreements limiting the spread of nuclear weapons," and urging the administration to make a supreme effort to win an antiproliferation agreement. This resolution was wholeheartedly supported by rollcall vote.

It was with pleasure that I cast my vote for it.

The distinguished junior Senator from New York also spoke persuasively of the dangers of a further spread of nuclear weapons, as did others.

This concern of the United States has apparently also been keenly felt in the Soviet Union. This was one of the subjects in which Soviet citizens bespoke to me their intense interest during a recent conference in Geneva.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. CLARK. The Senator from Tennessee has been kind enough to tell me some of the details of that trip to Geneva. I realize there are some details about it he would not feel free to reveal in an open colloquy in the Senate, but to the extent that he can tell us, I feel sure that not only our colleagues but the general public would be very much interested.

Mr. GORE. To begin with, I was asked to go as a private citizen. The meeting was sponsored by Mr. Robert Hutchins, former president of the University of Chicago, now executive director of the Center for the Study of Democratic Institutions, at Santa Barbara, Calif.

A number of men enjoying prominence in various foreign countries attended that conference, which was entirely off the record in so far as what the men said is concerned. From France, for instance, there came two very distinguished Frenchmen, a former Prime Minister of that country, Mendes-France, and Ambassador Chanville, former Ambassador to Mainland China.

From the Soviet Union came the editor of Pravda, and another gentleman whose name I do not recall.

I shall not undertake to name them all, but they were men of certain prominence from various countries.

Mr. CLARK. On both sides of the Iron Curtain?

Mr. GORE. On both sides of the Iron Curtain, and all with the understanding that they were there as private citizens.

I must say I certainly did not go without making my intention or the possibility of my visit known to my Government. Suffice it to say, I would not have made the trip had I met with any reluctance or disagreement on the part of my Government.

All I can report, really, is that I made a suggestion which was considered. I said to the conference, and I quote what I said:

I am confident that my Government would be prepared to conclude a no-first-use-of-nuclear-weapons treaty with Red China if Red China on her part would adhere to the nuclear weapons test ban treaty.

Let me emphasize that I advanced this as a private citizen. It received much consideration and it was, I believe, about a month later that Red China gave her reaction, which, unfortunately, followed the same pattern of her previous reactions and denunciation of the proposal as another "trick" of President Johnson and the United States.

I think it was regrettable that she did this. It seems to me if it could have been accepted, it would have been a major step toward breaking the ice of the frigid relationship between the United States of America and Red China.

Mr. CLARK. Mr. President, will the Senator further yield?

Mr. GORE. I yield.

Mr. CLARK. Is the Senator in a position to tell us whether the suggestion he made appeared to be favorably received by those in attendance at the meeting in Geneva who came from countries such as Poland and Russia and perhaps on or two of the other Eastern European countries?

Mr. GORE. I do not think I could use the words "favorably considered." I can say to the Senator from Pennsylvania that several of the delegates manifested intense interest, including the Senator may be sure, the delegates from the Soviet Union.

Mr. CLARK. Because one might think, knowing nothing about Government policy, that they would be happy indeed to have China sign a nuclear test ban treaty. Would not the Senator from Tennessee think that that would be a likely point of view for them to take?

Mr. GORE. All I can say about their attitude is that they showed very great interest.

Mr. CLARK. I thank the Senator.

Mr. GORE. Mr. Kosygin, in his message to the Eighteen Nation Disarmament Conference on the occasion of tabling a Soviet draft treaty on non-proliferation, said:

If we do not put an end to the proliferation in the world of nuclear weapons, the threat of the unleashing of a nuclear war will be increased.

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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WASHINGTON, D. C. 20250
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(FOR INFORMATION ONLY;
TO BE QUOTED OR CITED)

Issued August 22, 1966
For actions of August 19, 1966
89th-2nd; No. 138

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HIGHLIGHTS: House committee voted to report bills to provide uniform crop liens and penalties, clarify law on overtime inspection services, and permit sale of grain storage facilities, and transfer experiment station to Alaska.

SENATE

1. DEMONSTRATION CITIES. Passed, 53-22, with amendments S. 3708, the demonstration cities and metropolitan development bill. pp. 19158-66, 19169-83, 19182-206
2. APPROPRIATIONS. Agreed to the conference report on H. R. 15456, the legislative appropriation bill. This bill will now be sent to the President. pp. 19162, 19183-88

3. FOREIGN AFFAIRS; WATER. The Foreign Relations Committee reported without amendment S. 2747, to authorize an agreement with Mexico for joint measures for solution of the Lower Rio Grande salinity problem (S. Rept. 1485). p. 19119
4. LANDS. Passed without amendment S. 476, to increase authorizations for construction of airports in or near national parks, national monuments, and national recreation areas. pp. 19121-2
5. QUARANTINE INSPECTION. Passed as reported S. 1596, to provide for quarantine inspection by the U. S. at ports of entry without reimbursement by the owners of the transportation facilities. pp. 19122-3
6. BANKING. Began debate on S. 3158, to strengthen the regulatory and supervisory authority of Federal agencies over insured banks and insured savings and loan associations. pp. 19209-24
7. SCHOOL MILK. Sen. Proxmire urged further action on the school milk program. p. 19140
8. FOOD FOR FREEDOM. Sen. Nelson commended Sen. Mondale for his efforts in support of an agricultural research amendment to the food-for-freedom bill. pp. 19141-2
9. HORACE GODFREY. Sen. Talmadge spoke in praise of Horace Godfrey, ASCS Administrator, for 32 years of USDA service. p. 19148
10. ORGANIZATION OF CONGRESS. Sen. Monroney urged action on the proposals for reform by the Joint Committee on the Organization of Congress and inserted several editorials on the subject. pp. 19153-5
11. INTERGOVERNMENTAL RELATIONS. Sen. Ervin commended and inserted Sen. Muskie's speech outlining "how Congress can assist the counties in the more efficient performance of their governmental tasks." pp. 19151-3
12. ECONOMY. Sen. Hartke criticized present U. S. economic policies and outlined "a new strategy for the U. S. economy." pp. 19189-92

HOUSE

13. COMMITTEE BUSINESS. The House Agriculture Committee voted to report (but did not actually report H. R. 4429, to provide for reimbursement to Wyo. for improvements made on certain Eden conservation project lands in Sweetwater Co., Wyo., if such lands revert to the U. S.; H. R. 5934, amended, to provide uniform provisions for crop liens, interest on unpaid marketing quota penalties, and the persons liable for such penalties for all commodities for which a marketing quota program is in effect; H. R. 9147, to permit meetings of the national advisory research committee to be held less often than quarterly; H. R. 3421, to convey the agricultural experiment station to the University of Alaska; H. R. 9150, to clarify the Department's authority to furnish, upon a reimbursable basis, certain inspection services involving overtime work; and H. R. 12360, amended, to permit the sale of grain storage facilities to public and private nonprofit agencies and organizations. Also approved work plans for several watershed projects. p. D783

Right now, huge areas of the world are closed to visitors, or seriously restricted. Because of our adverse trade balance and gold drain, the administration is doing what it can to limit tourism and avoid American spending abroad. The senators, in voting to get ahead with the oversized plane development, have not stopped to ask themselves where the speedy monsters will fly to, who will join in the mass flights or whether the U.S. financial situation will permit such wholesale foreign travel expenditures.

MIDWEST NEWSPAPERS AND ILLINOIS BAR ASSOCIATION HELP STOP DUMPING INTO LAKE MICHIGAN

Mr. HARTKE. Mr. President, since my speech in the Senate last Friday asking the Army Corps of Engineers and the Chicago Sanitary District to cease dumping nutrient laden dredge material from the north branch of the Chicago River into Lake Michigan, I have received many letters from concerned persons in Chicago and Indiana whose homes are located along Lake Michigan.

On August 16, 1966, I addressed a letter to Lt. Gen. William F. Cassidy asking for a report on this matter and that the corps find other receptacles for this filth laden dredge material. Since I have received no answer, I sent the following telegram to the Army Corps of Engineers:

Lt. Gen. WILLIAM F. CASSIDY,
Chief, Army Corps of Engineers,
U.S. Army, The Pentagon,
Washington, D.C.:

Refer my letter August 16 for full report on dumping dredge material from North Branch of Chicago River into Lake Michigan. Please advise if the Corps has ceased such activity which will ultimately create a pollution situation which would require billions of federal dollars to erase. People of the Midwest are incensed at Corps flagrant disregard for welfare of population along Lake Michigan.

VANCE HARTKE,
U.S. Senator.

Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the Friday, August 12, Chicago Daily News, entitled "Stop Lake Dumping Now."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

STOP LAKE DUMPING NOW

Highly contaminated dredgings from the north branch of the Chicago River are being dumped into Lake Michigan with no regard to the health hazard involved. As in the case of polluted dredgings from the key harbors and waterways in the Calumet area, the culprit again is the U.S. Corps of Engineers. And again the excuse is that the engineers have no other dumping site.

In a confrontation in Washington with Sanitary District president Frank W. Chesrow, who wants the north branch dumping stopped immediately, the engineers contended that the dredging project would be completed in two weeks. Not enough time remained, they said, to devise workable plans to dump the river refuse elsewhere. Rep. EDWARD J. DERWINSKI (R-Ill.), one of the Chicago area congressmen who attended the meeting, reported that "there is no solution" to this problem.

Nonsense. In this case, the simple solution is what Chesrow proposed: Stop fouling the lake now! If the price of dredging the north channel to a new depth of 12 feet

(from 9) is further pollution of the lake, most Chicagoans do not want to pay it. The channel is piled mostly by barges hauling cement and salt, and they have encountered no significant trouble in navigating at the present depth.

In the absence of an unequivocal federal policy on pollution, the engineers admittedly are faced with a dilemma: how to proceed with their task of keeping Chicago's waterways navigable and yet avoid contaminating Lake Michigan. But the north branch project is only a small part of their over-all responsibility; there is no reason why this project could not be suspended until a satisfactory dumping site is found.

The idea that a little pollution here and a little pollution there can do no harm is untenable. The cumulative effect of piecemeal pollution is pollution on a gigantic scale—with disastrous consequences to the public's health and well-being.

Mr. HARTKE. Mr. President, I call to the attention of the Senate a letter which I received from Mr. Frederick H. Lauder, chairman, Committee on Water Resources of the Illinois State Bar Association. Mr. Lauder joins me in efforts to bring a halt to further pollution by the corps of Lake Michigan. I ask unanimous consent to include his letter and the article from the Monmouth, Ill., Atlas in the RECORD.

Mr. President, I hope we can have a report from the Army Corps of Engineers soon.

There being no objection, the letter and article were ordered to be printed in the RECORD, as follows:

ILLINOIS STATE BAR ASSOCIATION,
Springfield, Ill., August 16, 1966.

Hon. VANCE HARTKE,
Senate Office Building,
Washington, D.C.

DEAR SIR: For some time, the U.S. Army Corps of Engineers have been dumping in Lake Michigan debris and filth dredged up from the Chicago River and from elsewhere. This pollutes the water of the lake (which is used for drinking purposes by the inhabitants on shore), and contaminates water on bathing beaches. I understand that both the State of Illinois and the City of Chicago have protested against this practice, and it is the subject of a news item in the August 11, 1966, issue of the Chicago Tribune, on pages 1 and 2.

Many U.S. Government agencies and civilian organizations are trying to preserve the water resources of our country and prevent pollution of lakes, rivers and streams. It is very difficult for us to persuade cities, corporations, associations and individuals to cease and desist from polluting our water resources when they can point to the Army Corps of Engineers, an activity of the United States Government, as the greatest and most flagrant offender of all, in this field. It would seem to me that the proposed pollution of Lake Michigan would be a violation of Senate Bill 3107, passed by the Senate on June 9, 1966.

I have noticed an article in the Monmouth Review Atlas, published in the City of Monmouth, Illinois, under date of August 13, 1966, to the effect that you have protested against the Army Corps of Engineers dumping this sludge into the lake. I hope that your efforts and the efforts of other members of the Senate will prevent the continuation of this practice.

I protest this pollution of Lake Michigan, as well as the pollution of other lakes, rivers and streams, and believe that the other members of the Committee on Water Resources of the Illinois State Bar Association do, also. I hope you will do everything in your power to prevent further contamination of the waters of the lake in this way.

With my very best wishes for your continued success, I am

Sincerely yours,

FREDERICK H. LAUDER,
Chairman, Committee on Water Resources.

[From the Monmouth (Ill.) Atlas, Aug. 13, 1966]

LAKE MICHIGAN'S SLUDGE AM ISSUE

WASHINGTON.—Sludge, dredged from the North branch of the Chicago River and dumped into Lake Michigan, is endangering the health of millions, Sen. VANCE HARTKE, D-Ind., said Friday.

In a speech on the Senate floor, HARTKE said the Army Corps of Engineers is dumping large quantities of "polluted filth" 13 miles off the shoreline. The sludge is being dredged to deepen the river for navigation.

The Senator demanded an immediate halt to the dumping and said it "increases the pollution level of the lake and creates a menace to the health and welfare of millions of people in the Chicago area . . . Gary, Hammond and East Chicago, all in Indiana, and neighboring Wisconsin and Michigan communities."

HARTKE asked for long-range pollution planning in the Great Lakes and urged these three immediate steps:

The immediate halting of dumping in the lake by the Army Engineers.

More efficient methods of disposing of waste materials by the Chicago Sanitary District.

New research programs by federal agencies to find new methods of sewage treatment and water reclamation.

A BACK-DOOR OUTFLOW OF DOLLARS

Mr. HARTKE. Mr. President, monetary policy and balance of payments have been a continuing concern for us, one which grows ever sharper in its implications.

The economist and financial columnist Eliot Janeway, in his regular column of August 15, published in the Washington Star, discussed this and related financial problems. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WORLD BANK ACTION HURTS

(By Eliot Janeway)

NEW YORK.—It's not just the Supreme Court that follows the election returns. Mr. Dooley's celebrated quip applies as well to the sophisticated denizens of Washington's swank embassy row. Their main job is to keep a sharp eye on the Yankee dollar. Every embassy in Washington has long since alerted its government to count on dollars being hard to come by—and not just because the money policies of the Johnson administration have left us strapped for cash for even our own needs here at home.

The war in Viet Nam—more precisely, the isolation in which we are fighting it—has clearly left the country with the belief that dollars advanced overseas have not come back as value received. Perhaps they never can. The suggestion is all the argument that's needed to cut down on dollar advances. Congress certainly took the suggestion at face value last month when it voted large slashes in the Johnson administration's foreign aid requests.

Governments in need of dollars—and most of them are—have been trying to turn up new ways of raising them without having to deal directly with the American government. The World Bank is proving to be a pretty convenient touch for the shrewdest, toughest-minded political dollar-foragers on the

loose in Washington—South Africa, for example.

In June this column cited Sen. STUART SYMMINGTON, D-Mo. as authority for the criticism it leveled against the World Bank for its sale of \$175 million of 25-year bonds in the New York market. Its operations, we warned, were getting in the way of American borrowers in their own market; and its borrowings were aggravating the overheated conditions which Johnson was exhorting American business to permit to cool off.

Adding insult to injury, the World Bank was preparing to siphon off scarce dollars, and send them abroad at the very time when Washington's money policies are shutting off financing opportunities to Americans.

Sen. SYMMINGTON, in leveling his objections at this discrimination, noted the World Bank's clearly defensive agreement "initially" to keep the proceeds of its financing in dollars "in order to eliminate any immediate effect on our continuing unfavorable balance of payments." He asked the World Bank to define "initially" and "immediate" and before July was over, the World Bank had given him his answer. It was more reckless than even his critical attitude had bargained for. It announced a \$20-million loan to South Africa to finance half the foreign exchange costs of a power plant.

As a matter of American bargaining in the national interest to get full value for dollars advanced, the position in which the loan puts us is as undignified economically as it is morally. For South Africa is an active participant in the international gold speculation against the dollar, and she is holding gold back from the market in order to add to the pressure on the dollar. This is her right, and it is to her interest. But it is not to America's interest to advance South Africa the dollars to operate while she holds back her gold. It is our right to hold back our dollars in order to make her use her gold.

In assessing this use of back-door dollar outflows, it behooves us to remember that it would take a crash in America to make South Africa's gold worth more. Any more that weakens the American dollar against South Africa gold, is bound to encourage the speculation against the dollar and to make it seem plausible.

On the record, SYMMINGTON is on sound ground when he said: "Under the article of the charter of the Bank, the Treasury had the authority to disapprove the issue. I wish they had." Certainly, the lack of plan or purpose in our government's dealing with other governments, playing their own hands in their own interest, is hurting business and investment confidence nearly as much as the resultant cost of doing business.

CONCLUSION OF MORNING BUSINESS

The VICE PRESIDENT. Is there further morning business? If not, morning business is concluded.

DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the unfinished business.

The VICE PRESIDENT. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 3708) to assist the comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general wel-

fare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. MUSKIE. Mr. President, will the Chair advise the Senate as to what is the pending business?

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Texas [Mr. TOWER].

Mr. MUSKIE. I thank the Chair. Mr. President, I yield myself 5 minutes.

Mr. President, at this point I ask unanimous consent to have printed in the RECORD a list of organizations which support the pending legislation.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

ORGANIZATIONS IN FAVOR OF THE DEMONSTRATION CITIES PROGRAM

AFL-CIO.
American Institute of Architects.
American Institute of Planners.
Americans for Democratic Action.
American Public Health Association.
American Public Welfare Association.
Atlanta Region Metropolitan Planning Commission.
California Commission of Housing and Community Development.
Cooperative League of the United States.
Council of Jewish Federations and Welfare Funds.
Family Service Association of America.
Georgia Municipal Association.
Group Health Association of America.
Industrial Union Department, AFL-CIO.
Methodist Church: Board of Christian Social Concerns.
National Association for the Advancement of Colored People.
National Association of County Officials.
National Association of Home Builders.
National Association of Housing and Redevelopment Officials.
National Association of Social Workers.
National Catholic Community Services.
National Conference of Catholic Charities.
National Council of Catholic Men.
National Council of Catholic Women.
National Council of Senior Citizens.
National Farmers Union.
National Federation of Settlements and Neighborhood Centers.
National Governors' Conference.
National Housing Conference.
National Jewish Welfare Board.
National League of Cities.
National Medical Association.
National Recreation and Park Association.
National Urban League.
Pennsylvania League of Cities.
Presbyterian Church, U.S.A.
Tennessee Municipal League.
Union of American Hebrew Congregations.
U.S. Conference of Mayors.

Mr. MUSKIE. Mr. President, the pending amendment, in effect, places before the Senate an issue which goes to the heart of the pending bill. The proposal of the distinguished Senator from Texas [Mr. TOWER] is to strike from the bill the program authorizations of \$400 million in fiscal year 1968 and \$500 million in fiscal year 1969.

The amendment of the Senator from Texas would retain in the bill the plan-

ning authorization of \$12 million for the current fiscal year and \$12 million for the following fiscal year. In effect, this would strike out the demonstration cities program. In effect this would require that the Congress again consider proposals for authorizations of this program after the studies which the Tower amendment would authorize.

The Tower amendment poses the question for the Senate as to whether or not the problems with which the bill proposes to deal should be dealt with now or postponed until some future time. On this point, I believe that all of us in the Senate should consider the urgency of the conditions it is proposed that the bill meet.

The distinguished columnist Joseph Alsop, in the Washington Post of August 5, 1966, had something to say on this point which should appeal to the consciences of all of us. Mr. Alsop states:

The right way for all Americans to look at the desperate American urban problem is simply to think of our great cities as very important patients in a very expensive hospital.

In a healthy family, the father and children do not complain about being on short commons for a while, in order to pay for the mother's medical expenses. And if one may be cynical, this tends to be especially true if the father, the bread-winner, the source of the family's income and prosperity, is the person whose recovery from a dire disease is going to cost a small fortune.

In our almost wholly urbanized America, the great cities are the major sources of the general prosperity, and they are indeed direly diseased. They grow less and less fit for human habitation, year by year. They are afflicted with the open ulcers that are the Negro Ghettoes, which should fill every single American, be he Rocky Mountain sheepherder or Wall Street banker, with inextinguishable shame.

Furthermore, because of the population trends already examined in this series, most of the great cities are threatened with early transformation into vast, impoverished Negro reservations—city-sized super-Watts, in fact. Unless something is done, and done soon, to reverse the white emigration to the suburbs, that will be the end of the road, not just in one great American city, but in the majority.

Mr. President, I ask unanimous consent to have printed in the RECORD two articles written by Joseph Alsop which also appeared in the Washington Post.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

A MODEST PROPOSAL—II (By Joseph Alsop)

Why are most of the American great cities likely to be transformed into super-Watts? Why, in other words do more and more of the cities have heavy Negro majorities in their school systems, predicting virtually segregated Negro cities of the future?

The first answer is the schools. Here in Washington, for instance, we have elementary schools that are over 90 per cent Negro; we have a city-wide population that is two-thirds Negro; and we have a voting population that is still only about one-half Negro. (These differences appear in all major cities, although other cities' figures are down in the scale as yet.)

But although Washington has already become a predominantly Negro city, the District of Columbia retains a white population of

about 250,000. There should, therefore, be a great many tens of thousands of white children of school age in the District. And in reality, there are almost none!

To be precise, Washington had 26,000 white children of elementary school age five years ago. It has lost half that number since then. And of the 13,000 white children of school age still in the District of Columbia, far more than a third attend private schools.

Those figures mean only one thing: That nowadays, white families with children almost automatically emigrate to the suburbs. That conclusion can be cross-checked, too, in half a dozen ways.

The Southwest redevelopment, for instance has caused many white people to return to live in the District of Columbia. But of these returners, almost none are families with children.

Again, there are two or three Catholic parishes in Washington with particularly strong parochial schools. As the Negro people moved into these neighborhoods, virtually all white Protestant families with children moved out, leaving the public schools almost solidly Negro.

But many of the white Catholic families have stayed, although the parochial schools, too, now have very high Negro percentages. This is because the parochial schools, being strongly led, have remained as good as ever, and the Catholic families therefore saw no reason to move.

It would be unrealistic to deny that the cruel fact of race prejudice has played a role in the white emigration to the suburbs. But the truly dominant role has been played, and is still being played, by the schools themselves.

If the admission of large numbers of disadvantaged children causes a school to go to hell in a hack, almost all families who are able to do so rather promptly move to a neighborhood with better schools—which nowadays means a suburban neighborhood. And as the Watts Report shows, the racial origin of the disadvantaged children has little to do with this emigration. The children's effect on the school, because of the extra burden they inevitably impose on the teachers, is the heart of the matter.

The truth of the matter is that the Justices of the Supreme Court left a needed job only one-half done, when they outlawed segregated schools. Because of this country's shameful history of economic and other injustices to its Negro people, the great majority of Negro children are disadvantaged. Desegregation of the schools should therefore have been accompanied by legislation sharply increasing outlays on the school systems, and particularly on the great urban school systems.

That can still be done. The question is whether it can be done in a way to halt the white movement to the suburbs, and even to bring a lot of white families back into the city centers—thereby making a reasonable population balance in both cities and school systems, and thus preventing the growth of the city-sized super-Watts that now threaten us.

The answer is not just good urban schools, which we do not now have. Merely good schools are no longer good enough to reverse the sinister population trend that may soon make our cities into vast Negro reservations. The answer, I fervently hope and strongly believe, is immensely superior urban schools, fine enough to hold and even to attract all families that want the best schooling for their children.

If New York spent \$1700 per child per year, or a bit more than Scarsdale does; if St. Louis did the same—in short, if present urban school outlays were just about doubled in every great city—the cities would soon

enough have the superior schools that are so desperately needed for social-political reasons as well as educational reasons.

That would leave the problem of safe streets, which has played a lesser, yet discernible, role in the white emigrations to the suburbs. For safe streets, more money must be poured out, not only on better police departments, but also on parks and playgrounds and other recreational facilities and all the other things that make a city a good place to live.

The total bill, as anyone can see, will be astronomically larger than the cities can hope to pay. But what if the Federal Government pays the whole cost of giving superior schools to the great cities, and further lets the cities use their present school budgets to make themselves habitable once again? That question will be examined in the last report in this series.

A MODEST PROPOSAL—III

(By Joseph Alsop)

The right way for all Americans to look at the desperate American urban problem is simply to think of our great cities as very important patients in a very expensive hospital.

In a healthy family, the father and children do not complain about being on short commons for a while, in order to pay for the mother's medical expenses. And if one may be cynical, this tends to be especially true if the father, the bread-winner, the source of the family's income and prosperity, is the person whose recovery from a dire disease is going to cost a small fortune.

In our almost wholly urbanized America, the great cities are the major sources of the general prosperity, and they are indeed direly diseased. They grow less and less fit for human habitation, year by year. They are afflicted with the open ulcers that are the Negro Ghettos, which should fill every single American, be he Rocky Mountain sheepherder or Wall Street banker, with inextinguishable shame.

Furthermore, because of the population trends already examined in this series, most of the great cities are threatened with early transformation into vast, impoverished Negro reservations—city-sized super-Watts, in fact. Unless something is done, and done soon, to reverse the white emigration to the suburbs, that will be the end of the road, not just in one great American city, but in the majority.

For the reasons set forth in two previous reports, there is only one expedient that offers much hope of reversing the present urban trend. The great cities must be given superior schools—not just good schools, mind you, but immensely superior schools, with a strong attractive power—and along with superior schools, the great cities must be given the resources to achieve safe streets again.

That means an astronomical expenditure. A good guess is that all the great cities' present levels of spending per child in school should be at least doubled. In many cases, further funds should also be provided for root and branch rebuilding of antiquated, jail-like urban schools. And in most cities, sums just about equal to the present school budgets are needed to get safe streets, by more spending on police, parks, recreational facilities and other neighborhood-builders.

How, then, is the job to be done? There is no use talking about increasing the cities' tax rates. High urban taxes are another influence behind the white emigration to the suburbs. Only the Federal Government can do the job.

Yet if the Federal Government is to spend many billions per year to cure the disease of the cities, this necessarily means discrimination in favor of the great cities, and

against the suburbs, the small towns and the countryside. Nothing could be more politically difficult, yet the job must be done.

Suggesting remedies is not usually the reporter's task, but the aim of this series is none the less to offer a modest proposal for a remedy. We should begin, I think, by recognizing that the great cities are not merely a major source of the national wealth; they are also the sole source of the wealth of the metropolitan areas that extend for hundreds, even thousands of square miles beyond each city's limits.

The cities, therefore, may be regarded as engines which generate the whole flow of Federal revenue from each metropolitan area. And the cities are deeply diseased, endangering the revenue. Why not, then, take the three following steps:

First, let the President appoint a distinguished Federal commission, or even a series of commissions, to trace the true limits of the metropolitan areas of each of the great cities.

Second, let the Federal revenues from each metropolitan area be ascertained, and let the Congress recognize that the revenues from each area are in fact mainly generated in the diseased city center.

Third, let the Congress therefore provide that of these revenues from each metropolitan area, a generous percentage will be returned to each city-center, in order to pay for the superior schools that offer the main hope of cure for the urban disease.

In this manner, the subsidies to the cities that are so desperately needed will at least be placed on a rational basis. If the whole school bill is footed by the Federal Government (while the schools, of course, continue to be managed by the municipal school boards), the cities will then have enough financial elbow room to do all the things needed for safe streets.

There are other advantages in the plan. The newly traced metropolitan areas could later be used as a basis for metropolitan authorities, on the pattern of the TVA, to handle such urban-suburban problems as transportation—problems which are so urgent and grave. The superior schools should not merely cure the urban disease; they should also open the door out of the poverty trap for the children of the urban ghettos.

But enough has been said, except for one thing. If you once grasp what this urban problem is going to do to the American future, you will automatically agree that any effort, any outlay, any sacrifice is justified to achieve a cure.

Mr. MUSKIE. In his series Mr. Alsop also suggests some of the treatment for this disease which is envisioned by the pending measure. He puts his finger on education. He suggests a massive Federal program designed to create in our cities "immensely superior schools with a strong attractive power." He suggests that this would be a significant contribution to the treatment of this disease.

Mr. President, I used the word "disease" yesterday and today, and I use it advisedly because I think that this is what we are dealing with.

Mr. President, I come from a State of small towns and small cities. The total population of my States spread over one-half of the geographical area of New England, is about a million people. The largest city in my State has a population of 75,000.

The ACTING PRESIDENT pro tempore. The time of the Senator has expired.

Mr. MUSKIE. Mr. President, I ask unanimous consent that I may proceed for 3 additional minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, in terms of my State we do not face a problem which calls for the kind of program which the pending measure proposes. My State is 1 of 50 States. More important, it is one part of a great country. Ever since we began this country, operating under the Constitution, we have been aiming at the objective of creating one country. Indeed, the establishment of the Constitution in the first instance, as a substitute for the Articles of Confederation, had the objective of creating a single nation out of 13 quarrelsome colonies.

This objective of creating one country, a whole country of citizens, all of them equal with each other, has been our objective for 180 years. The stark fact is that this year 1966 we are not yet one country. We are not yet a whole country. We are not yet a completely healthy country. We are not yet a completely free country, that is to say free from instability, disorder and many other problems.

I think that the series which has been written by Joseph Alsop pinpoints this fact. I think the headlines that have been staring at us in the newspapers of the Nation throughout this hot summer pinpoint this fact. The restlessness, instability, disorder, the violence which stems and grows from these diseased areas in our cities is testimony to that fact.

It is because of my concern that we live in one country, that we live in a whole country, that our citizens be free and equal, that this Senator, from a small, rural State, and without great cities, has undertaken to manage the bill, has undertaken to contribute to its authorship, and has undertaken to set forth the ideas it encompasses.

It is vital to my State that we deal with this problem which is plaguing metropolitan areas and the great cities of our country. As Mr. Alsop puts it, cities are the generators of prosperity in this country. Without them, we cannot hope to be viable economically, politically, or ideologically. We cannot hope to sustain our image before the world, but more importantly, we cannot hope to survive as a country and as a society which has meaning for its individual citizens.

Mr. President, this bill will launch an experiment. There are those who would like to see more specific and detailed blueprints of the experiment before it is launched. The point is that the problem is so great, the disease so virulent and spreading so rapidly, that we must undertake to learn as we go along. We must dare to experiment. We must come to grips with the problem. We cannot afford the delay, the study, and the procrastination which the Tower amendment proposes. We have got to get on with the job.

Mr. President, before I undertook to manage the bill, some 6 to 8 weeks ago, one of my conditions was that I would be

given the opportunity to write safeguards into the bill which would insure that it would not launch irresponsible experimentation, that it would focus upon the problem, that it would not and could not be diverted into irrelevant directions, that it would not become a giant boondoggle and pork barrel, but that it would, indeed, focus the country's resources upon this disease.

That is what we have tried to do with this bill. It is not a perfect bill. I hope that if the bill is enacted by Congress and signed by the President, we will learn valuable lessons which will enable us to do an evermore effective job in dealing with this disease.

That is our hope. That was our plan. That is how the bill was written. But, just because it is not perfect, because it is not based upon complete information—which is not available—because it does not have the detailed blueprints, is no justification for further postponement and procrastination. We have postponed and procrastinated too long.

If we had applied this kind of experimental medicine a little earlier, we might not now have the problem in its present virulent state.

Indeed, the Tower amendment proposes for us the single, most important issue in the bill. We might just as well be voting on final passage. Essentially the same issue is involved. Obviously, the issue has been raised in the form of this amendment in order to give opponents of the bill more than one crack at it. They are going to try to kill it with this amendment. If they lose, then they may try another cutting amendment of lesser scope.

This is a heel-dragging, a foot-dragging amendment, designed to prevent us from coming to grips with the problem.

We cannot afford it.

I suggest that if I came from a metropolitan city State my motives might be suspect; but I do not come from such a State. Politically, it could be argued persuasively that I would be better off voting against the bill, let alone managing it on the floor of the Senate. But, as Americans, as Mr. Alsop pointed out, the condition in our cities in the Negro ghettos should fill every single American, be he Rocky Mountain sheepherder or Wall Street banker, with inextinguishable shame.

Mr. President, I suggest that emotional shame should be stimulated by these conditions and that we should have the courage and the will to come to grips with the problem. What we are talking about in terms of our resources, our gross national product, is negligible.

A week ago today, the Senate voted to add to the college housing program an increment of \$900 million.

By coincidence, that figure is exactly the amount of money involved in the demonstration cities program.

Who supported that proposal to add \$900 million to our college housing program?

The distinguished author of the pending amendment, the Senator from Texas [Mr. TOWER], who also signed the minority report along with two other signers, the distinguished Senator from South

Carolina [Mr. THURMOND], and the distinguished Senator from Iowa [Mr. HICKENLOOPER], all three of whom have stated in the minority report on the bill that we cannot afford, with the economy moving in high gear, to add these new programs.

Yet, we are willing to spend \$900 million—which the committee did not approve—for college housing, but refuse to spend \$900 million to deal with the problem of demonstration cities.

Mr. President, I suggest that they search their consciences and decide whether they should not shift their support from the college housing \$900 million to the demonstration cities \$900 million.

The minority report states that there must be a sense of priorities.

Mr. President, what should that order of priorities be as between these two programs?

It is true that we face a college housing shortage. It is also true that we face a shortage of space in our institutions of higher education for the floodtide of youngsters who need to be served by them, this year, and in the years to come. I do not minimize that problem at all, but it is not one which will lead to instability in this country. It is not one which will lead to disorder and violence in our cities.

Which is the more pressing demand for the \$900 million which these gentlemen who wrote the minority reports are willing to spend on college housing, but are unwilling to spend on the disease which is running rampant and virulent throughout the cities of our land?

I know what my order of priorities is, Mr. President. I say that if we are going to spend that \$900 million, as between these two programs, we should spend it on our cities.

That is the issue raised by the Tower amendment.

I do not quarrel at all with the motivation of the opponents, or question their sincerity or integrity, but, in my opinion, their order of priorities is misplaced.

In the Housing Committee, we discussed four bills all at once at the same committee session; namely, mass transportation, the FNMA bill to stimulate the flow of mortgage funds into housing construction, the housing and urban development bill, and the Demonstration Cities bill.

The issue of college housing was raised, and it was agreed to hold the line and not increase it.

It was voted unanimously to cut the demonstration cities program by \$1.4 billion, because we were all concerned about not adding too much to the fires of inflation. Thus, the spirit of restraint motivated all members of the committee. The package reported by the committee—four bills—reflected that spirit of restraint; yet, on the floor of the Senate, a week ago today, three of the signers of the minority report on the demonstration cities bill voted to spend another \$900 million. In effect they said that it is more important to spend that money on the college housing program than on this burning problem which is afflicting our cities.

So, Mr. President, on the basis of my order of priorities, on the basis of the relative importance of the two problems which are involved, I urge the Senate to reject the Tower amendment which, I repeat, puts the heart of the bill before us as an issue, and to go on from that point to pass the bill.

Mr. MUSKIE. Mr. President, I yield myself 2 minutes.

I might say that, without opposition present on the floor, this is something like punching at a pillow. I am not sure I am making myself persuasive on absent Senators, but I do want to make the RECORD and make one further point in connection with the Tower amendment.

The principal argument of the Senator from Texas for his amendment, and indeed the principal argument of those in opposition to the bill, is the alleged inflationary effect of the demonstration cities program.

May I say on this point, the program funds \$900 million as the amount to be spent for it. As a matter of fact, the bill provides only \$12 million for fiscal year 1967 unless the urban renewal increase would become operative, as contrasted with \$300 million of additional college housing which the minority members of this subcommittee supported last week.

So only \$12 million is provided for fiscal 1967. Four hundred million dollars is provided for grants in fiscal 1968 and \$500 million for fiscal 1969, but no part would be spent before June 30, 1967.

For the most part, because of the lead-time involved in developing and planning comprehensive programs, most of the money will be spent in 1968 and 1969.

To the extent that we can expedite implementation of the program, we will undertake to advance this spending deadline which I have indicated, but in the realities of the situation of the present, the here and now, with the economy moving in high, as the opposition to this legislation has put it, this spending is not to take place in any substantial way now or in the immediate future.

Mr. President, I suggest the absence of a quorum.

Mr. President, I withdraw that suggestion, and I yield 1 minute to the Senator from Kansas [Mr. CARLSON] on the amendment.

Mr. CARLSON. I should like to call to the attention of the acting chairman of the committee the fact that I have an amendment pending that I shall be pleased to have called up at this time, if the acting chairman would care to withdraw the pending amendment temporarily.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the Tower amendment be laid aside temporarily for that purpose.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

Mr. CARLSON. Mr. President, I have an amendment at the desk, which I ask the clerk to state.

The ACTING PRESIDENT pro tempore. The amendment of the Senator from Kansas will be stated.

The legislative clerk read the amendment (No. 749) as follows:

On page 31, line 11, delete period and insert: "or a statewide agency or instrumentality of its political subdivision designated by such chief executive."

Mr. CARLSON. Mr. President, Senate bill 3708 provides for an orderly development of the metropolitan areas of our Nation, with which I am in accord.

The major cities of my State have expressed their strong interest in the legislation. They see in this bill hope for valuable tools to aid them in the resolution of many local problems which typify urban communities all over America.

There are other reasons for my conviction that this legislation should be approved at this time.

First, we need to recognize that the Congress has heretofore approved some 170 programs of aid to State and local governments. These now provide almost \$15 billion in Federal funds. Of course, not all of this money goes to cities. Much of it is used for State-administered welfare, education, highway, and institutional programs. Nevertheless, a very significant sum finds its way into units of government within cities or to deal with problems of people who live in cities.

It can be said that our justification for approving these many aid programs over the years has been to improve the opportunities and environment for the people of this Nation. With three-quarters of the people living in urban centers, it is obvious that, one way or another, the impact of many Federal aids—by whoever administered—is most dramatically judged in the urban context.

Now it seems to me that our categorical aid approach has resulted in many justifiable programs falling far short of their potential because they compete or overlap with other federally aided programs. Our real need is to coordinate these programs at the point of use. They must be packaged into a total program, along with local public and private resources and programs to concentrate on the most critical problems as determined locally by careful community analysis. Unless this is done, we will go on increasing, year after year, the number of categorical aid programs further compounding the confusion of State and local administrators and the public.

The city demonstration bill does just that. In simple terms it says to each city, you prepare a comprehensive plan for correcting the human and physical problems of the most inadequate areas of your community and include in that plan a proposal for the coordinated use of existing Federal aid programs. To provide the inducement or leverage to secure coordination—and of course to fill in some financial gaps—the bill proposes to pay an additional share of the non-Federal cost of the total program.

The plan, as I understand it, is locally conceived and locally implemented. The Federal aids to be used are already authorized, funded, and in use. All we are provided in addition here is a nominal sum to aid in planning and an annual inducement to coordination which is less than one-thirtieth of our present annual State and local aid bill.

Second, I want to point out that our present aid system has had a very unfor-

tunate effect on local general government—cities and counties. It has fragmented community policymaking and it has dismembered local government administration. We have reached the point where at the end of each Federal-aid string is a local agency, department, or constituency which is expected to follow Federal direction or receive no benefits. Local government has been seriously weakened and finds it difficult to respond as the result of the divide-and-conquer concept of existing Federal aid.

The inducements contained in the demonstration cities bill, encouraging diverse interests to sit down together to coordinate their individual programs, resources, and talents under the supervision of the city government or city demonstration agency, will materially aid in strengthening local government and reducing the possibility of detailed Federal intervention.

We are an urban nation. We have urban problems. Urban problems compel the attention of Congress. They require adequate fiscal resources. They demand the fostering of strong local government. This bill is a realistic recognition of these needs of our times.

I am offering an amendment, which I have sent to the desk, which, if approved by the Senate, would make it clear that the pending bill would provide that either a State agency or an instrumentality of its political subdivisions could be selected if the appointing authority so desired.

Mr. President, I offer the amendment as one who has served as Governor, as has the distinguished acting chairman, and who is familiar with the problems involved.

Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. Out of whose time shall this time come?

Mr. MUSKIE. Out of my time on the amendment.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, I yield myself 5 minutes.

I say to the distinguished Senator from Kansas that his statement is an excellent analysis, in capsule form, of the bill, the proposed program for demonstration cities, and what it is intended to do. I have not seen a better one, and I compliment him on it. I welcome his support of the bill.

With reference to his amendment, it had been brought to my attention yesterday or the day before yesterday. I have checked it out carefully, and reviewed it with the agency. I see no objection to it. Indeed, I think it is a modification that can be very helpful and useful. I would be happy to accept it.

Mr. CARLSON. Mr. President, I appreciate very much the statement just

made by the chairman of the committee.

The ACTING PRESIDENT pro tempore. Do both sides yield back their time?

Mr. MUSKIE. I yield back the remainder of my time.

Mr. CARLSON. I yield back the remainder of my time.

The ACTING PRESIDENT pro tempore. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Kansas.

The amendment was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MUSKIE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. On whose time?

Mr. TOWER. Mr. President, I ask unanimous consent that any time consumed by any quorum call be charged to neither side.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE APPROPRIATIONS, 1967—CONFERENCE REPORT— UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, at 1 o'clock, or, if the Tower amendment is still under consideration at that time, at the conclusion of its consideration, one-half hour be set aside to consider the conference report on the legislative appropriations bill, the time to be equally divided and under the control, respectively, of the distinguished senior Senator from Delaware [Mr. WILLIAMS], and the chairman of the subcommittee, the distinguished senior Senator from Oklahoma [Mr. MONRONEY].

The ACTING PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

Mr. TOWER. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. TOWER. Mr. President, the time will not be charged against the demonstration cities bill or against either side.

The ACTING PRESIDENT pro tempore. The Senator is correct.

DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966

The Senate resumed the consideration of the bill (S. 3708) to assist compre-

hensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes.

Mr. TOWER. Mr. President, I ask unanimous consent that my amendment be temporarily laid aside for the consideration of an amendment to be offered by the distinguished Senator from South Dakota.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. McGOVERN. Mr. President, I send an amendment to the desk and ask that it be stated.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. McGOVERN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The amendment will be printed in the RECORD.

The amendment, ordered to be printed in the RECORD, is as follows:

On page 32, after line 14, insert the following:

"TITLE IV—COMPREHENSIVE RURAL DEMONSTRATION PROGRAMS

"Findings and declaration of purpose

"SEC. 401. The Congress further finds that a large part of the urban slum and blight problem is increasingly traceable to conditions in some predominantly rural areas which are experiencing rapid changes in their supporting economy, including towns, cities, and other places relying substantially upon such an economy for their vitality. Perpetuation of such rural blight and lack of opportunity in such areas will continue to generate an unnecessary flow of such people from such areas to metropolitan centers who are without marketable skills or other preparation for useful urban roles and who consequently gravitate to metropolitan slums. The purposes of this title are to provide in such predominantly rural areas additional technical and financial assistance to achieve the purposes stated in Section 101.

"Basic authority

"SEC. 402. The Secretary is authorized to make grants in amounts certified by the Secretary of Agriculture as provided by this title to enable predominantly rural district demonstration agencies as defined in Section 411 to carry out comprehensive demonstration programs. The Secretary of Agriculture is authorized to plan, develop, and provide technical assistance in carrying out comprehensive demonstration programs in accordance with this title.

"Eligibility for assistance

"SEC. 403. (a) A comprehensive rural demonstration program is eligible for assistance under Sections 405 and 407 only if—

"(1) physical and social problems in the rural area covered by the program are such that a comprehensive rural demonstration program is necessary to carry out the policy of the Congress as expressed in section 401;

"(2) the program is of sufficient magnitude to make a substantial impact on the physical and social problems and to remove or arrest blight and decay in entire sections or neighborhoods; to contribute to the sound development of the entire rural area; to make marked progress in reducing social and educational disadvantages, ill health, underem-

ployment, and enforced idleness; and to provide educational, health, and social services necessary to serve the poor and disadvantaged in the area, widespread citizen participation in the program, maximum opportunities for employing residents of the area in all phases of the program, and enlarged opportunities for work and training;

"(3) the program, including rebuilding or restoration, will contribute to a well-balanced rural area with a substantial increase in the supply of standard housing of low and moderate cost, maximum opportunities in the choice of housing accommodations for all citizens of all income levels, adequate public facilities (including those needed for education, health and social services, transportation and recreation), commercial facilities adequate to serve the residential areas, and ease of access between the residential areas and centers of employment;

"(4) the various projects and activities to be undertaken in connection with such programs are scheduled to be initiated within a reasonably short period of time; adequate local resources are, or will be, available for the completion of the program as scheduled; administrative machinery is available at the local level for carrying out the program on a consolidated and coordinated basis; substantive local laws, regulations, and other requirements are, or can be expected to be, consistent with the objectives of the program; the local governing body has approved the program and, where appropriate, applications for assistance under the program; agencies whose cooperation is necessary to the success of the program have indicated their intent to furnish such cooperation; the program is consistent with comprehensive planning in the entire rural area; and the locality will maintain, during the period an approved comprehensive rural demonstration program is being carried out, a level of aggregate expenditures for activities similar to those being assisted under this title which is not less than the level of aggregate expenditures for such activities prior to initiation of the comprehensive rural demonstration program; and

"(5) the program meets such additional requirements as the Secretary may establish, with the concurrence of the Secretary of Agriculture, to carry out the purposes of this title.

"(b) In implementing this title the Secretary of Agriculture shall—

"(1) emphasize local initiative in the planning, development, and implementation of comprehensive rural demonstration programs;

"(2) insure, in conjunction with other appropriate Federal departments and agencies and at the direction of the President, maximum coordination of Federal assistance provided in connection with this title, prompt response to local initiative, and maximum flexibility in programing, consistent with the requirements of law and sound administrative practice; and

"(3) encourage rural district demonstration agencies to (A) enhance neighborhoods by applying a high standard of design, (B) maintain, as appropriate, natural and historic sites and distinctive neighborhood characteristics, and (C) make maximum possible use of new and improved technology and design, including cost reduction techniques.

"Financial assistance for planning comprehensive rural demonstration programs

"SEC. 404. (a) The Secretary is authorized, with the concurrence of the Secretary of Agriculture, to make grants to, and to contract with, rural district demonstration agencies to pay 80 per centum of the costs of planning and developing comprehensive rural demonstration programs.

"(b) Financial assistance will be provided under this section only if (1) the application for such assistance has been approved by the local governing bodies of the rural

area, and (2) the Secretary of Agriculture has determined that there exist (A) administrative machinery through which coordination of all related planning activities of local agencies can be achieved, and (B) evidence that necessary cooperation of agencies engaged in related local planning can be obtained.

"Financial assistance for approved comprehensive rural demonstration programs"

"SEC. 405. (a) The Secretary is authorized to approve comprehensive rural demonstration programs if the Secretary of Agriculture, after review of the plans, determines that such plans satisfy the criteria for such programs set forth in section 403 and so certifies.

"(b) The Secretary is authorized to make grants to, and to contract with, rural district demonstration agencies to pay 80 per centum of the cost of administering comprehensive rural demonstration programs approved by the Secretary of Agriculture, but not the cost of administering any project or actively assisted under a Federal grant-in-aid program.

"(c) To assist the rural area to carry out the projects or activities included within an approved comprehensive rural demonstration program, the Secretary is authorized, with the concurrence of the Secretary of Agriculture, to make grants to the rural district demonstration agency of not to exceed 80 per centum of the aggregate amount of non-Federal contributions otherwise required to be made to all projects or activities assisted by Federal grant-in-aid programs (as defined in section 112(1)) which are carried out in connection with such demonstration program: *Provided*, That no Federal grant-in-aid program shall be considered to be carried out in connection with such demonstration program unless it is closely related to the physical and social problems in the area of the rural area covered by the program and unless it can reasonably be expected to have a noticeable effect upon such problems. The specific amount of any such grant shall take into account the number and intensity of the economic and social pressures in the sections or neighborhoods involved, such as those involving or resulting from population density, poverty levels, unemployment rate, public welfare participation, educational levels, health and disease characteristics, crime and delinquency rate, and degree of substandard and dilapidated housing. The amount of non-Federal contribution required for each project in a Federal grant-in-aid program shall be certified to the Secretary by the Federal department or agency (other than the Department of Housing and Urban Development) administering such program, and the Secretary shall accept such certification in computing the grants hereunder.

"(d) Grant funds provided to assist projects and activities included within an approved comprehensive rural demonstration program pursuant to subsection (c) of this section shall be made available to assist new and additional projects and activities not assisted under a Federal grant-in-aid program. To the extent such funds are not necessary to support fully such new and additional projects and activities, they may be used and credited as part or all of the required non-Federal contribution to projects or activities, assisted under a Federal grant-in-aid program, which are part of an approved comprehensive rural demonstration program. Such grant funds, however, shall not be used—

"(1) for the general administration of local governments; or

"(2) to replace non-Federal contributions in any federally aided project or activity included in an approved comprehensive rural demonstration program, if prior to the filing of an application for assistance under section 104 an agreement has been entered into with any Federal agency obligating such non-Federal contributions with respect to such project or activity.

"Technical assistance"

"SEC. 406. The Secretary of Agriculture is authorized to undertake such activities as he determines to be desirable to provide, either directly or by contracts or other arrangements, technical assistance to rural district demonstration agencies to assist such agencies in planning, developing, and administering comprehensive rural demonstration programs.

"Continued availability of Federal grant-in-aid programs"

"SEC. 407. Notwithstanding any other provision of law, unless hereafter enacted expressly in limitation of the provisions of this section, funds appropriated for a Federal grant-in-aid program which are reserved for any projects or activities assisted under such grant-in-aid program and undertaken in connection with an approved comprehensive rural demonstration program shall remain available until expended.

"Consultation"

"SEC. 408. In carrying out the provisions of this title, including the issuance of regulations, the Secretary shall consult with and secure the concurrence of the Secretary of Agriculture. The Secretary of Agriculture shall consult with other Federal Departments and agencies administering Federal grant-in-aid programs and shall consult with each Federal Department and agency affected by each comprehensive rural demonstration program before approving a commitment by the Secretary of Housing and Urban Development to make grants for such program under section 405.

"Indian areas"

"SEC. 409. In the case of rural areas in Indian reservations, the Secretary of the Interior shall exercise the authorities given to the Secretary of Agriculture under the provisions of this title.

"Labor provisions"

"SEC. 410. The provisions of section 110 shall apply to projects assisted in whole or in part under this title.

"Funding"

"SEC. 4100 (a). There shall be allocated for the purposes of this title out of funds appropriated pursuant to section 111 (a), (b) and (c) and section 113 of this Act, a share of funds based on the proportion of national population residing in predominantly rural areas.

"(b) Of the sums appropriated for administrative expenses, there shall be transferred to the Secretary of Agriculture and the Secretary of the Interior such sums as are determined by the Bureau of the Budget to be necessary to carry out their responsibilities.

"Definitions"

"SEC. 412. In addition to the definitions in Section 112 which may be applicable to this title—

"(1) a 'rural district demonstration agency' means a town, city, county or any local public agency established or designated by the participating local governing body or bodies to administer the comprehensive rural demonstration program for an area; and

"(2) 'local governing body' means any council or board having general governmental and legislative powers in any municipality (or two or more municipalities acting jointly) or with respect to rural areas outside of incorporated municipalities, any county or other public body (or two or more acting jointly) having general governmental powers.

"(3) 'Predominantly rural district' means any district so designated by the State Planning Agency and certified by the Secretary of Agriculture—

"(1) which includes at least one urban town or place and the surrounding predominantly rural territory within convenient commuting distance of such urban center.

"(2) within which the residents thereof carry on their day-to-day commercial, vocational, public service, social, educational, and cultural pursuits; and

"(3) within which there has been established a district-wide planning board capable of planning comprehensively for both the urban and rural areas of the district's residents, and representative of, and responsible to, local governing bodies within the district.

"SEC. 413. Amend the title so as to read: 'A bill to assist demonstration programs for rebuilding slum and blighted areas and disadvantaged rural areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in these areas.'"

STOP URBAN BLIGHT AT ITS RURAL SOURCES

Mr. McGOVERN. Mr. President, I am happy to give my support to the demonstration cities bill reported by the committee. There are no large metropolitan areas in South Dakota. However, there are smaller and medium size cities in South Dakota that might qualify for the benefits provided in this legislation, and I am hopeful that if they qualify and apply, they will receive favorable consideration.

However, the crisis that confronts city life is of immediate concern to all Americans—rural and suburban residents as well as those who reside in large cities. We are Americans together, and even the remotest rural resident is not immune from the costs and dangers of continuing deterioration, blight, and misery in the slums of our great cities. It is basically in recognition of that fact, as a representative of one of the rural States, that I support the effort to regenerate our cities.

Mr. President, there is a serious weakness in the bill as it has come before us, both from the standpoint of equitable recognition of the interests of all Americans, and from the standpoint also of the special interests of the people in congested metropolitan centers. A great deal of the misery and squalor that infects our great cities today has its origins in depressed rural areas. Many millions of the inhabitants of our great city slums are recent migrants from farms and Indian reservations. During the past two decades, there has been a sharp decline in employment in agriculture. Millions of rural jobs have been eliminated by modern farming machinery and lessening agricultural opportunities. In spite of our generally rising prosperity, the creation and persistence of farm-bred poverty is continuing. The bill that is before us, Mr. President, overlooks the opportunity to overcome urban poverty at its source. It is both more humane and more economical to deal with poverty in rural areas where so much of it begins, before it has been exported to the cities.

At the time of the riots in the Watts section of Los Angeles just a year ago this month, Chalmers M. Roberts wrote a most perceptive report from the riot area in Los Angeles in the Washington Post. He asked:

Why did it happen, and why did it happen here?

Then he wrote:

The story of the Los Angeles riots is the story of the American Negro's revolution of rising expectations—not of its successes, however, but of its failures.

It is the story of expectations frustrated, of hopes denied, denied specifically to the rural and small-town Southern Negro caught in an urban world he does not understand and whose fruits he cannot share.

Mr. President, I would like at this point to have printed in the *RECORD* the full report by Chalmers M. Roberts in the *Washington Post* of August 18, 1965, which is headlined: "Rural Negroes Caught in Urban World; Frustration Is Blamed for Riots."

There being no objection, the article was ordered to be printed in the *RECORD*, as follows:

[From the *Washington Post*, Aug. 18, 1965]

**RURAL NEGROES CAUGHT IN URBAN WORLD—
FRUSTRATION BLAMED FOR RIOTS**

(By Chalmers M. Roberts)

LOS ANGELES, Aug. 17.—Why? Why did it happen, and why did it happen here?

The story of the Los Angeles riots is the story of the American Negro's revolution of rising expectations—not of its successes, however, but of its failures.

It is the story of expectations frustrated, of hopes denied, denied specifically to the rural and small-town Southern Negro caught in an urban world he does not understand and whose fruits he cannot share.

And it is the story of men, women and children who feel hemmed in by a city police force they see as no different from the white man's exercise of authority they knew back home where they came from in the South.

It is most emphatically not the story of all Negroes here in Los Angeles, certainly not of those many thousands who have achieved, who have made it. Rather it is the story of the other Negro community, here as elsewhere in the big cities; the community, as Theodore H. White has described it, "that is threatened with collapse of all human values, all dignity, all function."

It is "a feeling of nobodiness and frustration," as the Rev. Thomas Kilgore of the Negro Second Baptist Church puts it. Mr. Kilgore, who is the Rev. Dr. Martin Luther King's associate here, estimates that up to 65,000 of the city's approximately half-million Negroes "are on or below the fringe."

These are the people, whatever their exact number, from whom came the mobs that pillaged and looted and burned and turned their guns on the white man. Hoodlums, dope addicts, alcoholics, common criminals were among them no doubt. But to lay the blame there or to contend, as Mayor Samuel Yorty did today, that Communists are at fault or, as others have hinted, that Black Muslims played a role, is to miss the depth of the story of what happened here.

NEGROES' "PORT OF ENTRY"

First, take a look at the area which exploded. The urban ghetto known as Watts (it was a small town annexed to the city in 1926) has long been considered "the port of entry" for Negroes coming to Southern California. Unlike the big Northern industrial cities, Los Angeles did not attract the Negro before World War II. Only during the wartime labor shortage did this golden horizon first beckon. The Urban League estimates the influx now is about 1000 a month to the city.

Today a sixth of the county's Negroes live in Watts and adjacent downtown and near-downtown areas have become, in words of a University of Southern California study, "a convenient dumping ground for the problems which the community has failed to solve and which the comfortable suburbanites would rather ignore."

In Watts 65 per cent came from the South, the rural and small-town South. Today Mississippi and Alabama natives represent the most numerous arrivals, whereas earlier it was Texas and Louisiana.

Here the newly arrived Negro family lives in crowded quarters and pays high rents, if it can pay at all.

"A lot of people here live in shacks," said a plumber's helper yesterday in Watts as he was boarding up the broken store window of his white employer. "Some people rent cars for the night for sleeping. And don't let a vegetable truck come down the street—it will look like a skeleton!"

The camera these past few days has presented Watts to America as an area of separate homes, green lawns, palm trees, back yards. But this is an optical illusion, strikingly different as the outward appearance is from Harlem's slum building or Washington's overcrowded row houses.

The 1960 population density in Watts was 14,090 per square mile compared to Harlem's 20,000, according to another report.

John A. Buggs, the Negro director of Los Angeles County Human Relations Commission, says that "you don't have 2000 people living in one block but many, many homes are dilapidated and deteriorating."

"There may be more play areas than in Harlem," says Buggs, "but inside that four walls there is very little difference."

FEW OWN HOMES

Most of the homes are rented from absentee landlords; home ownership in the city's poverty area is barely over 10 per cent. And repossession of homes by white owners is common in Watts.

In the UCLA study of Los Angeles' poverty problem, just over 13 per cent of the 341,000 studied were rated as functional illiterates; that is, they had less than five years of education.

The disparity in schooling is most marked among those Negroes who came here from the Deep South.

These, then, are the people ill-prepared to find a livelihood here in Los Angeles. The city's Negro unemployment rate is now 9.6 per cent and probably double that in Watts. Negro Congressman AUGUSTUS F. HAWKINS from Los Angeles says that 48 per cent of the area's youth are out of jobs.

The unskilled predominate, of course, in an industrial society calling for more and more skills. Yet so cut off from the mainstream are these people that the U.C.L.A. study found half the unemployed saying they had never heard of any of the Federal-state retraining programs.

JOB HUNTING DIFFICULT

Furthermore, industrial decentralization away from the central city here makes job hunting more and more difficult.

Given all these counts against them, it is no wonder that Dr. Harold W. Jones, a Negro psychiatrist who heads a mental health clinic in the riot area, stresses the disappointment of those who come here from the Deep South, seeing their great expectations die for reasons often beyond their control.

And so, Dr. Jones says, those who took part in the riots "feel morally right about what they have done. They look upon it as a revolt rather than a riot and therefore subject to a different value system."

"They see their insurrection as an opportunity to speak. It is as if they are saying, 'It's better to be feared than to be held in contempt.'"

FAMILY PROBLEMS

Dr. Jones, physician-in-charge of the South-Central Mental Health Service, agrees that the breakdown of the Negro family structure is a principal reason for a lack of respect for authority.

The psychiatrist point out that the typical Negro father in low-income areas is a non-entity with few work opportunities who is degraded in the eyes of his youngsters, by the women in his family, by the law and by white men in general.

"It's far easier for the Negro woman to get a job as a domestic than it is for a Negro

man to get a job," they say. "When the children go to school, they see fathers depicted in books as men who wear white shirts and a tie and drive a car, and they know this isn't their father."

"Then they see him sitting around the kitchen drinking beer with his buddies while the mother is out working. Too often he has little to show the family that he is in charge."

DISTRUST OF AUTHORITY

"This absence of a figure whose function it is to set limits and establish controls leaves the children lacking in an essential part of upbringing—respect for loving authority—that will enable them to take on a meaningful role in society when they grow up."

"They grow up fighting authority, which usually for them is in the form of a police officer."

This leads you to the problem of the Negro and the Los Angeles police.

"Every kid wants a car," says Don Smith, the CORE head in the city. "He wants it as a social necessity and we have the humiliation of a boy sprawled against the fenders being searched while his date sits frightened."

It is not a matter of "widespread police brutality," Buggs says, but "of insensitive use of words and language, sometimes innocently," by the police.

RESENT TAG OF "BOY"

"To call a man in his 30s 'boy' here is as bad to the Negro as calling him 'nigger' back home in the South. The police say 'boy' to whites, too, but the implication to the Negro is quite different."

When one Negro is hit by a policeman, Buggs says, word spreads fast "and ipso facto the whole police force is brutal."

Buggs agrees that there is crime in Negro neighborhoods "and resistance to legitimate police authority among Negroes." He adds:

"A situation is thereby created in which a police officer believes that he is going to be resisted by any Negro as he attempts to discharge his law enforcement duty, and a large majority of Negroes feel that they are going to be treated roughly when approached by a police officer. These very expectations on the part of both parties tend to produce the kind of situation that each expects."

"This phenomenon may be called a 'self-fulfilling prophecy.'"

POLICE FORCE MAKEUP

The official Los Angeles police figures show a force of 5,000 men, of whom 200 are Negroes. There used to be two Negro lieutenants, but both have retired and today the 23 sergeants represent the highest rank attained on the force by Negroes.

Of the total force 13 percent, police records show, come from the South but this includes many of the Negroes. There appears to be no record of the political sympathies of the Los Angeles police but it is widely believed that all over the United States, especially in urban areas where Negroes have charged "police brutality" as they long have done here, the white men on the forces voted for Barry Goldwater because he promised to uphold their hand more than they thought the Democratic Administration was doing.

Individuals, too, make a difference and Los Angeles Police Chief William H. Parker is a man who speaks his mind. He is widely credited with being a first-class chief in terms of normal police work. But he is just as widely viewed as a man who lacks political tact in dealing with community relations problems, especially with the Negro community.

DEPUTY CHIEF CRITICIZED

His deputy, Roger Murdock, also comes in for a lot of criticism. One of the city's intense and voluble Negro ministers, the Rev. H. H. Brookins, said the other day that "Murdock's attitude is no less than that of

Jim Clark in Alabama. Murdock said that the only use for Negro police was because he couldn't be seen after dark."

The result of all this antipathy, as Mr. Kilgore puts it, is that the ghetto Negro "say the white police beat us so we'll burn down the white man's town."

And Mr. Kilgore adds another factor. "The white power structure," he says, "the news media, the government and the police do not see Negroes as people but as Negroes."

This is the difference, he adds, between the fate of the waves of Irish, Italian and East European immigrants who came to America and in time fought their way up the economic and social ladder and gradually have been largely absorbed into what is more and more a middle-class nation. The Negro can't change the color of his skin.

The ghetto Negro, those who have not and cannot escape, thus form an undigested lump of millions in American society. They are in but not of that society.

HOPE IN POVERTY PLAN

The Federal antipoverty program, so far largely held up here in a political snarl, is, in Bugge's opinion, "absolutely the only hope if it is operated as it should be."

But time is running out and the problem grows. Here in Los Angeles the census shows 13.5 per cent of the population is Negro, but more than 20 per cent of the babies being born are Negro.

The Negro today is more urban than the whites. Between 1950 and 1960 two million whites in the cities were replaced by two million Negroes, so vast was the white flight to the suburbs and the Negro migration from the South.

Theodore H. White, in his "The Making of the President—1964," notes that whereas today only Washington among major cities has a Negro majority, "by 1980—if the arithmetical projections of present population trends come to pass—Negroes will be the majority in Detroit, Cleveland, Baltimore, Chicago and St. Louis."

HIGH BIRTH RATE

White notes that the Negroes' urban birth rate is about 40 per cent higher than that of whites. Of infants today under a year old, he reports, one in six is non-white and one-fifth of all Negro children are illegitimate.

What White speaks of in national terms is true here in Los Angeles: "Fatherless babies grow up in a world with no family standard of decency—a burden and menace to all about them, white and black." Today the Nation's leaders, nationally and locally, are only beginning to recognize the importance of a massive birth-control program for those countless Negro women who want more out of life than a baby a year.

All this, then, is the story, at least part of the story, behind what happened here these past few days. It is a story of immense problems but not of insuperable problems, given their frank recognition and a widening determination to resolve them.

Mr. McGOVERN. Mr. President, the central fact that stands out in this account is that the transfer of displaced and impoverished rural people into the city slums does not square with their own economic interests, nor the most desirable goals of our society. Most of these rural people cannot find employment in the cities. Their migration benefits neither them, nor the national economy.

The most constructive, and the most economical course for the Nation to take is to raise the level of opportunity in rural America so that the people displaced from agricultural jobs, mining, forestry, and other rural occupations, can

earn decent incomes in their home communities, rather than yielding to the pressures that draw them in a rising flood into the chaos of city slums.

Mr. President, I am proposing an amendment which will apply the same kind of concerted attack upon the problem of poverty and squalor, where much of it originates—in the small cities, rural towns, and the farming countryside—that the bill proposes to apply after it has reached the city.

There is ample living and working space in rural communities. There is no need for the reckless crowding of population into increasingly ugly cities, if we take the steps that are needed to make rural America more livable.

The purpose of my amendment, Mr. President, is to provide a demonstration that the rural countryside can offer new industrial and commercial jobs to the men and women displaced from agricultural employment and that urban poverty can be cut off at its source.

Rural poverty is not as highly visible as urban blight. It is found along the backroads and in the mountain valleys and the Indian reservations. But it does exist. The proportion of rural families in poverty is two times as high as it is among urban families.

Much is said, much is written, much is broadcast, much is pictured, of the wretched housing of our big city slums.

But it is generally overlooked that in rural areas there are more families living in houses that are unfit for human habitation than in all the slums of the cities of America.

According to the U.S. Census of 1960, there were 1,390,799 housing units classified as dilapidated and unfit for human habitation in urban areas. The same census reported 1,501,066 dilapidated, unsanitary, unfit housing units in the rural communities with populations of 2,500 or less.

Only 1 in 40 of the housing units in urban areas was classified as unfit for human habitation in 1960. The proportion so classified in rural areas was more than 1 in 12—more than three times as great as the urban proportion.

Educational disadvantage is a principal handicap afflicting rural people. The average rural male is about 2 years behind the national average in schooling. Only 30 percent of rural high school seniors go on to college, compared to 50 percent of the high school seniors in urban areas.

Inadequate health care is another serious rural disadvantage. Children in rural families get only one-third as much service time from doctors and dentists as do urban children. The death rate of children ages 5 to 14 is 50 percent higher in rural communities than in urban areas. The rural death rate is double the urban rate for young people ages 14 to 24.

Unsanitary water supplies and unsafe waste disposal facilities, create serious and chronic health hazards in many rural communities. Yet, modern technology has demonstrated that safe water and waste disposal is economically feasible and practical in rural areas and small towns.

If these barriers to good living can be lifted in our rural communities, they can attract new industries, to provide new jobs for millions of rural workers, without forcing them to migrate for all too often illusory opportunities in the cities.

The purpose of this legislation is to demonstrate ways and means whereby the barriers to decent living can be raised for city dwellers, how city blight and city slums can be corrected.

The purpose of my amendment, Mr. President, is to demonstrate how the same ways and means can be used in rural communities to prevent slums, to prevent city blight, to prevent urban poverty before it reaches the metropolitan area.

I am convinced, Mr. President, that the cost of preventing city poverty by attacking it at its rural origins will be far less, both in human suffering and in dollars and cents, than the cost of curing it after it has reached the metropolitan slums.

My amendment recognizes that most local rural governments are too small to undertake alone either the efforts that are needed to raise the quality of life for their citizens or to generate the economic opportunity and jobs that are necessary to sustain human life in comfort and dignity. The amendment provides that groups of local governments must work together, both to plan and to carry out their development programs. It would offer to small cities, and the small towns and rural areas tributary to them, the same opportunity, if they cooperate with each other, that would be offered to residents of large metropolitan areas.

Just as the predominantly rural people of South Dakota share with all Americans in their interests in reversing the decay and misery of the large American cities, so do all Americans, city man and rural alike, share an interest in raising the quality of life in rural communities. But for the city resident, rural development is doubly important. It is important to him as a citizen because it will strengthen the economy and insure the tranquility of our society as a whole. And it is doubly important to him as a city resident, because it will help to slow down the tide of rural poverty flowing into his city slums. It will give to the city planners and city officials the breathing space they need so desperately in order to catch up with and overcome the gigantic problems already upon them.

My amendment provides for the same sort of rural district or area programs provided in the demonstration cities title, modified to be applicable to the rural areas and Indian reservations. The areas must meet appropriate criteria comparable to those for cities demonstration projects. They must be certified by the Secretary of Agriculture.

My amendment directs that a portion of the funds, authorized and appropriated under the act, based on the proportion of our national population in rural areas, shall be allocated to rural areas. Thirty percent of our population lives in communities of 2,500 or less. Pre-

dominantly rural areas will, in some instances, include somewhat larger towns, but approximately one-third of the funds should, in my opinion, go to the countryside where much of our urban distress is spawned.

Mr. MUSKIE. Mr. President, I yield myself such time on the amendment as I may need to respond to the distinguished Senator from South Dakota.

The Senator and I have discussed his amendment privately. I must say that the rationale for it, the argument he makes as to the nature of the problem, the fact that much of the poverty that we find in our cities has been transported from rural areas which provide less than adequate opportunity—all these factors are difficult to dispute.

In response, may I say to the distinguished Senator from South Dakota, as I did yesterday, in connection with another amendment which was offered by the Senator and accepted by the Senate, that the city demonstration program in the pending legislation is not limited to large cities.

May I again repeat language to which I referred the Senator and the Senate yesterday. Reading from page 2 of the bill, the findings and declaration of purpose:

The Congress further finds and declares that cities of all sizes do not have adequate resources to deal effectively with the critical problems facing them . . .

Proceeding to language in the same section:

The purposes of this title are to provide additional financial and technical assistance to enable cities of all sizes (with equal regard to the problems of small as well as large cities) to plan, develop, and carry out locally prepared and scheduled comprehensive city demonstration programs containing new and imaginative proposals to rebuild or revitalize large slum and blighted areas;

So it is the intent of the bill, and of those of us who have participated in its authorship, that we deal with this problem wherever it exists—in the large metropolitan areas, in the smaller cities, in towns or groups of towns. We recognize that poverty is not confined to cities. It is recognized that poverty, indeed, is sometimes transported from rural areas to the cities, and so we wish to deal with it and its causes.

May I say, in addition, Mr. President, that the base of this demonstration program is made up of existing and current Federal aid programs, some 170 of them, as the distinguished Senator from Kansas pointed out earlier this morning. These existing Federal aid programs are the base, and eligibility under them is not confined to the cities. Eligibility is open to all citizens in all parts of the country, whether they come from sparsely settled rural areas or heavily concentrated populations in our cities. So that our current Federal aid programs are the base of the demonstration program, and are available to deal with the problems that the distinguished Senator from South Dakota has spelled out.

Second, it is our objective to coordinate these existing programs, and this coordination effort under the bill is avail-

able to the rural areas as well as the city areas.

Title III, for example, I point out to the distinguished Senator from South Dakota, would set up effective centers of technical assistance, with particular reference to the problems of small towns and rural areas, so that they may have readier access to existing Federal aid programs; so that they may be given technical assistance enabling them more effectively to coordinate those problems and focus those Federal resources upon the problems of rural areas and small towns.

Mr. President, may I say to the distinguished Senator from South Dakota that although what is in the bill may not be applicable to the problems of rural areas in exactly the same way that he might desire, the provisions and benefits of the bill and the financial resources of the Federal Government which would be unleashed by the bill would be available in rural areas—and I believe should be made available in rural areas—to deal with the root causes of the problem which is plaguing our cities.

Mr. McGOVERN. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield.

Mr. McGOVERN. Mr. President, first of all, I wish to thank the Senator from Maine [Mr. MUSKIE] and the Senator from Texas [Mr. TOWER] for accepting, as they did yesterday, the amendment which I offered that would permit the counties to play a role in executing this program; because I think that, in itself, will give our rural people a greater voice in the execution of the purposes and the goals of this program.

With reference to the further suggestion that a certain portion of the funds be set aside for the small towns and rural areas, I am greatly encouraged by the remarks the Senator has just made, and by the assurance that he provides that some reasonable share of the funds will be made available to the rural areas and to the small cities and towns.

I believe that it is extremely important to recognize that we cannot deal with poverty and with congestion and with crime and with urban blight in the great metropolitan areas alone, recognizing that much of it has its origins in the smaller towns and rural areas where migration is taking place because of the absence of opportunities in those areas.

Do I understand the Senator correctly that in his judgment some reasonable consideration will be given to the allocation of funds to our smaller cities, and that not all the funds will go into a few great metropolitan centers?

Mr. MUSKIE. It is the intent of the legislation, as I understand it—and it is certainly part of my intent—that all facets and all denominations of this problem be explored and studied.

The title of this program was chosen advisedly. It is a demonstration cities program, designed to demonstrate what ought to be done, what can be done effectively, to deal with this root problem of poverty and social unrest. When we deal with a problem of this kind, we must be concerned not only with the big

taproot, but also with the smaller roots from which the disease springs.

I could not agree more with the Senator that our rural areas and some of our blighted small towns are the source of much of the problem that we find in our cities.

So I would say to the Senator that I would expect that we would get demonstration city programs in these small areas, and I would be disappointed if we did not.

Mr. McGOVERN. I am as concerned as the Senator is with the problems that have erupted and have caught the headlines in areas such as Chicago, Watts, Harlem, Detroit, and elsewhere. Much of the discussion centering around this bill had focused on those three or four areas in the news.

It seems to me that it is important for us to underscore here and to make some legislative history indicating that this is legislation aimed at cities of all sizes—small, middle, and large—and not confined to a few areas that happen to have caught the news and are in the forefront at the moment.

On the basis of the assurance that the Senator from Maine [Mr. MUSKIE] has given me, and his acceptance of the amendment on yesterday, I ask unanimous consent to withdraw the amendment from further consideration.

The ACTING PRESIDENT pro tempore. The amendment of the Senator from South Dakota [Mr. McGOVERN] is withdrawn.

Mr. GORE. Mr. President, I ask unanimous consent that I may proceed out of order for 3 minutes.

The ACTING PRESIDENT pro tempore. The Senator from Tennessee [Mr. GORE] is recognized for 3 minutes.

HIGH INTEREST RATES AND HOUSING

Mr. GORE. Mr. President, the Commerce Department announced on yesterday that housing starts in July dropped again, this time to the lowest level since December 1960. In 1960 we were in the depths of the final Eisenhower tight-money-induced recession. Purchasing power was pinched. Buying had slowed down.

Today, of course, we are not in a recession. Purchasing power is high, personal income continues to grow, family formations are high, housing demand great. But the housing market is dependent upon long-term financing, and it is here that high interest rates take their first big bite. Automobiles and other consumer durables, such as appliances for the home, are next in line.

The slowdown in housing is already being felt in other areas. A constituent who has a furniture store in a medium-size city in Tennessee wrote to me a few days ago to say that he was feeling the pinch of the drop in activity in the housing market. His furniture and appliance sales have fallen off.

And so it goes. Other industries will be next, and, if interest rates are not brought back down to a livable level, we will soon be in the midst of vaster dislocations.

vocation, or employment. The Administrator shall perform such duties as are delegated to him by the Secretary. On highway matters the Administrator shall consult with the Federal Highway Administrator.

SEC. 202. (a) The Secretary shall prepare and submit to the President for transmittal to the Congress on March 1 of each year a comprehensive report on the administration of the Highway Safety Act of 1966 (including chapter 4 of title 23 of the United States Code) for the preceding calendar year. Such report should include but not be restricted to (1) a thorough statistical compilation of the accidents and injuries occurring in such year; (2) a list of all safety standards issued or in effect in such year; (3) the scope of observance of applicable Federal standards; (4) a statement of enforcement actions including judicial decisions, settlements, or pending litigation during the year; (5) a summary of all current research grants and contracts together with a description of the problems to be considered by such grants and contracts; (6) an analysis and evaluation of completed research activities and technological progress achieved during such year together with the relevant policy recommendations flowing therefrom; (7) the effectiveness of State highway safety programs (including local highway safety programs); and (8) the extent to which technical information was being disseminated to the scientific community and consumer-oriented material was made available to the motoring public.

(b) The annual report shall also contain such recommendations for additional legislation as the Secretary deems necessary to promote cooperation among the several States in the improvement of highway safety and to strengthen the national highway safety program.

SEC. 203. The Secretary of Commerce shall report to Congress, not later than January 10, 1967, all standards to be initially applied in carrying out section 402 of title 23 of the United States Code.

SEC. 204. The Secretary of Commerce shall in consultation with other government and private agencies make a comprehensive study of alcoholism and the consumption of alcohol and their effects upon and relation to highway safety. Such study shall include, but need not be limited to, review and evaluation of State and local laws and enforcement procedures concerning driving while under the influence of alcohol, and State and local programs for the treatment or rehabilitation of alcoholics and habitual drunkards. The Secretary shall report the results of his study to the Congress not later than July 1, 1967. Such report shall include the Secretary's recommendations concerning needed legislation, if any.

SEC. 205. The Federal Highway Administrator and any other officer who may subsequent to the date of enactment of this Act become the operating head of the Bureau of Public Roads shall receive compensation at the rate prescribed for level IV of the Federal Executive Salary Schedule established by the Federal Executive Salary Act of 1964.

SEC. 206. This Act may be cited as the "Highway Safety Act of 1966".

Mr. MUSKIE. Mr. President, I move that the Senate disagree to the amendments of the House to S. 3052 and request a conference with the House on the disagreeing votes, and that the conferees on the part of the Senate be appointed by the Chair.

The motion was agreed to; and the Acting President pro tempore appointed Mr. RANDOLPH, Mr. GRUENING, Mr. MUSKIE, Mr. MOSS, Mr. COOPER, and Mr. FONG conferees on the part of the Senate.

DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966

The Senate resumed the consideration of the bill (S. 3708) to assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes.

The ACTING PRESIDENT pro tempore. The question is on the amendment of the Senator from Texas [Mr. Tower].

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. FULBRIGHT addressed the Chair.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. MUSKIE. Mr. President, I yield such time as the Senator from Arkansas [Mr. Fulbright] requires, under the pending amendment.

The ACTING PRESIDENT pro tempore. The Senator from Arkansas [Mr. Fulbright] is recognized.

Mr. FULBRIGHT. Mr. President, I intend to vote for S. 3708, because something must be done to arrest the human and environmental decay that blights the cities of America. No one suggests that this bill contains solutions to all the problems of our cities. But no one denies that solutions must be found.

Whatever may be the values or the shortcomings of S. 3708, it proposes very modest appropriations in relation to the dimension of the job to be done. It represents the labor and conscientious conclusions of one of the great committees of the Senate. It comes before us in a summer filled with strife and violence born of the despair and frustrations of those who seek a better life. I do not condone or excuse acts of violence, but I recognize the need to change the conditions out of which violence is spawned.

Mr. President, it has been announced that on September 6 the Senate will begin debate upon another civil rights bill. Whatever may be the nature of the bill to be debated, it will do nothing whatsoever to enlarge the real civil rights of anyone. So 3708 may be the true civil rights bill of 1966, if it can result in programs which come to grips with the problems of our cities.

Even if this effort to save urban America is a failure, it will help guide us toward more successful alternatives. And, hopefully, when the first Americans land on the moon several years in the future, they will be able to report with pride that, in time, the cities of their country may become fairly pleasant places to visit.

I want especially to commend the Senator from Maine for his leadership in this field. It happens to be one of the

activities deserving of the highest priority in our country today. Unfortunately this and its allied activities are given a low priority compared to the space program and our military program. Thus, I particularly wish to commend the Senator from Maine for helping us at least to get back on the track that we should have been on during the past several years.

Mr. MUSKIE. Mr. President, I thank the distinguished Senator from Arkansas for his remarks and for his most welcome support of the pending bill. He and I concur in our impression of the gravity of the problem and the pressing need for action.

As I stated earlier, I come from a small rural State, whose largest city has a population of 75,000. I suspect that there may not be another State whose largest city is as small in population as mine.

The majority leader tells me that Montana's largest city is smaller. In any case, the point I made earlier is that 180 years ago, we undertook the task of building one country, a whole country, with all its citizens given equal opportunity. We have reached this year of 1966, and our country is producing goods and services at the rate of \$730 billion a year, but we are not yet one country, we are not yet a whole country.

The \$900 million we are speaking about today is a small enough beginning for such a massive problem and for such a worthy objective.

I deeply appreciate the support of the distinguished Senator from Arkansas.

Mr. FULBRIGHT. There is only one urban center in my State, a combination of Little Rock and North Little Rock, split by a river, which is larger than the city the Senator mentions in his own State. No other urban center is as large as 75,000 in population in Arkansas. Thus, this is not a program designed to be of primary significance to Arkansas. Our urban centers are not afflicted with any slum areas as serious as those in some other States, I am happy to say.

What I have in mind is of national interest in this regard because I can see how all of our activities, political as well as economic, and domestic as well as foreign, are affected by the disease which is now spreading through our large urban cities.

My interest is not local. I can assure the Senator from Maine that I have no great pressures upon me from my constituents about this bill at all. It is for the national interest that I favor it. I think it is a serious matter.

I am very much embarrassed trying to give advice to foreigners when I look at what is going on in America today. How can we presume to tell people in other countries how to conduct their business, whether it be in NATO, the United Nations, or anywhere else, afflicted as we are with riots in Cleveland, in Chicago, in California, with general unrest, and especially the shootings which have recently occurred?

In that connection, I have never seen such an outbreak of such barbarous shootings as the one in Austin, Tex., at the University there, a few days ago, as well as the killing of the eight nurses

in Chicago where the same kind of thing took place.

Mr. TOWER. Mr. President, will the Senator from Arkansas yield at that point?

Mr. FULBRIGHT. It seems to me that this is a symptom of a deep unrest, of a malaise, a display of the evils of our society. One of these evils is the deplorable condition of our great cities today.

Mr. TOWER. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I am happy to yield to the Senator from Texas.

Mr. TOWER. It should be noted that the tragic Whitman episode in Austin, Tex., was committed by a man who did not come from a socially disadvantaged group. He probably belonged to a middle income or a fairly well-to-do family.

By the way, he was a Floridian and not a Texan.

This sort of psychosis can occur in persons who are not necessarily socially disadvantaged. I do not believe that we are going to wipe out psychotic crimes by passing a demonstration cities bill.

Mr. MUSKIE. To dismiss the Whitman tragedy is not to solve the problem of our cities. If rebuttal to the demonstration cities program is the Whitman episode—

Mr. TOWER. Of course, that is not a total rebuttal.

Mr. MUSKIE. It is not the result of the blight on our cities, then the case falls. I could not agree with the Senator from Arkansas more.

Mr. FULBRIGHT. I think the Senator from Texas [Mr. Tower] takes a much too narrow view of the afflictions which arise in our society. An atmosphere, an attitude develops from the conditions which I mention. This constant agitation over racial matters which has been burdening us for many, many years, creates an apprehension, a nervousness that finally leads to mental problems and mental imbalance throughout the country. Generally, I think it has a connection with the distortions in our society.

In a veterans hospital in my State, there is a crowded waiting room for mental patients, although there are other rooms available for other kinds of patients.

Again, this grows out of the conditions existing in this country which I think are most unfortunate. We live at such a fast pace. It is not just all the city. Even driving to work, I sometimes get caught in a traffic jam. This may not be directly related to the problem we are discussing, but it does something to one's nervous system.

It makes me furious that with all the skill and technology, the wealth and capacity in this country, we cannot manage to get to work with reasonable comfort. I get stuck in a traffic jam every now and then, when I drive on Constitution Avenue past the Commerce Building. Every day, there is some kind of congestion in that area, which to me is inexcusable. So I try to find a different way around that bottleneck. Occasionally, I am successful.

As a Senator, I do not have to come to the Capitol at a very early hour, although I am generally here until quite

late in the day. Most Government workers, of course, have a fixed time to get to work and they are in much worse shape than I am. Yet I try to avoid the worst part of that congestion along Constitution Avenue, either early or late. I certainly sympathize with people going to and from work. They must feel helpless about it.

We can say that this is a minor thing, but they all add up to this imbalance which I feel is going on in this country. The country seems to be going crazy, if that is possible.

The priorities exhibited in this body sometimes give me great grounds for apprehension. We vote \$5 billion to go to the moon—which is one of the silliest undertakings any great nation ever undertook—and Congress votes \$58 billion for its defense appropriation, with practically no opposition except from a handful of Senators.

Perhaps it has to be done. When it comes to the furnishing of essential funds, of course it has to be done, but not to be able even to reduce it back to what the administration's request was, indicates a situation which to me is very disturbing.

We seem to think that the solution to all our ills is more and more money for arms. That is about what it amounts to. It is incredible to me that the one great program on which Congress insists on giving more money than the administration asks for is armaments. They do not do it for health any more—there was a time when they did—or for education, but now it is for armaments.

There is certainly this feeling that we are afflicted with terrible ills and that if we provide more armaments it will take care of them. I do not know why we should have provided \$500 million more than the Pentagon asked for—although it will probably not use it—with the idea that this will save our consciences.

In this week's U.S. News & World Report, under the column headed "Washington Whispers," it is stated that the people of Europe look upon the United States as the sick man of the world. I recall the time when we used to call Turkey the sick man of Europe.

What are we sick about? It is not due to our Treasury, or our financial condition, or our supply of food. It is our mind or mentality, a lack of comprehension of what is going on. I subscribe to that view.

It is evident by the priorities for which we vote in the Senate. Day after day, with respect to programs like the one now before us, we grudgingly grant money; but the funds provided for in this bill are little more than what the Senate added beyond the requests of the Defense Department in the bill we considered yesterday. We voted over \$58 billion to build arms, and yet this bill goes to some of the sources of our trouble.

I think it is a matter that goes to our minds and our attitudes. When an advantaged student like Mr. Whitman can do what he did, it is even more discouraging for people who do not have those advantages. For people who grow up in the slums, perhaps there is some excuse for such action, because they had

no such advantages, but when somebody from the middle class becomes disturbed and acts this way, who is left?

I think the Senator from Maine is on the right track. I hope he succeeds.

Mr. MUSKIE. I thank the Senator from Arkansas. I make one further point. I know of no more root causes for instability, disorder, and violence than deprivation and discontent. We recognize it in our policy of trying to aid the underdeveloped countries of the world. We ought to recognize it in our own cities. This was one of the causes for the original separation of our colonies from Great Britain.

Discontent with our situation and deprivation are the causes for instability and disorder and are more responsible for the riots, violence, and restlessness in America today than anything else.

Mr. FULBRIGHT. If the Senator will yield, particularly when it is inexcusable. There is no excuse for it. It is not that we do not have money and cannot afford needed programs. It is because of our judgment of what our priorities are and what matters we base our priorities on.

What makes me more furious about the conditions in the cities is that there is no good excuse for it. It is due to negligence and lack of interest in those conditions, because we spend money in other ways. That is what sends people off their "rockers" and makes them lose confidence in their society. This is what raises a question about whether we have the right kind of system. I think we do, but—

Mr. MUSKIE. I read in the paper yesterday the number of families in Washington with incomes of over \$20,000 a year and the number of swimming pools here. We read that 27,000 families in the city of Washington have incomes of over \$20,000 a year, and there are 1,500 swimming pools.

Mr. FULBRIGHT. How many swimming pools are there?

Mr. MUSKIE. I do not have that number, but I suggest that the number would fade into insignificance by comparison.

How can we expect people who observe all that affluence to be content with their lot when they are deprived, when they do not have adequate recreation facilities? The sprinklers had to be turned on in the streets to provide them with recreation. These 1,500 swimming pools were not available to them. The gap between affluence and having nothing is too much.

Mr. FULBRIGHT. Did they not put up one of those swimming pools and it collapsed?

Mr. MUSKIE. It was described as a collapsible swimming pool, and apparently it worked.

Mr. TOWER. Mr. President, I yield myself 5 minutes.

I reject the notion that the United States of America is the sick man of the world. I reject the notion that we do not know or comprehend what is going on in the world. Simply because we are engaged in a war, many people beat their breasts and proclaim the guilt of the United States.

We do not like to spend billions of dollars on armaments. We are not a warlike people. In modern history, the United States has not initiated or resorted to war as a national policy on its own initiative. The reason we are fighting this war and spending this money on weapons is that armed aggression has been committed against people who are not capable of defending themselves.

If we did not spend any money on armaments, we can bet that the Communist materialists would have taken over this world by now, and we would not be here debating the demonstration cities bill, because everything would be dictated.

I submit that the people of the United States, even those who live in the slums, are more privileged than are those who live under a socialistic system. There are no private swimming pools in the Soviet Union, except perhaps those owned by the officials. There are no private swimming pools in Peking. But our people, in all parts of our socioeconomic scale, even those who have been oppressed—and I speak with shame about the way we have treated the American Negro—but even those people are better off—and I think they would admit it—than are the people of the Soviet Union.

The United States of America is not sick. We are a growing, dynamic people. We have our problems, yes. From time to time we have our psychoses. But I still think we possess the genius and toughness that allowed us to grub a civilization out of the wilderness. I think it is despicable that we should hear someone stand on the floor of the Senate and call the United States sick.

Mr. MUSKIE. Mr. President, I yield the Senator from Arkansas [Mr. FULBRIGHT] 2 minutes on the bill.

Mr. FULBRIGHT. Mr. President, I hesitate to remind the Senator, when he says that he does not think the United States has ever been a warlike people—

Mr. TOWER. I said "in modern history."

Mr. FULBRIGHT. If the Senator will yield just a moment—he does not know what I am going to say yet—I remind him of the war against Spain in Cuba. I think that is considered to be in modern history, and I think that most historians agree we had some part in initiating that activity, which brought about certain results, as well as our involvement in the Far East, the Philippines, with which we are still stuck in many respects. That is one instance.

I think the Senator will recall Abraham Lincoln, of his party, and his attitude toward the war against Mexico. I have often cited his dissent as a reputable precedent for our disagreement with this war. I have used it recently. So that I do not think that the Senator can say that we have always been a peace-loving country.

I am not trying to denigrate this country. There is no question that this is the most powerful and the richest country in the world. We have often said that.

The thing that is disturbing to me is that we are beginning to act as have all

powerful countries in history. I do not like that. I want us to act much better, and much more wisely. If we are to follow the road followed by the great empires of the past, we are headed for eventual disaster. Not immediately; we can withstand a great deal. We can lose lots of men; we can spend a lot of money in Asia, or anywhere else we like, and we can obtain glory, in the process, of a temporary nature.

What I have been trying to say on various occasions recently is that this country has the greatest opportunity that any country ever had. It is powerful, it is rich, and it has great ingenuity, if it applies it in the right place. I think it is applying it in the wrong place.

I believe that the good example we could set of a fine society here at home would be infinitely more persuasive to the rest of the world, including the Communists, that we have something of value for the world, and would do more to undermine what I consider to be a false concept of how to organize society—that is, the Communist system as promoted in China and a few other countries. I think such an example would be much more powerful than constantly increasing our armament and constantly increasing the tempo of destruction.

I realize that this is the old, traditional pattern; and it may be expecting entirely too much to expect the United States, which is made up of people who came from these ancient traditional empires, to assume a different role, or to follow a different path. Perhaps that is idealistic and unrealistic.

It may be; but I should like to urge that we attempt it. I believe that the existence of nuclear weapons is a very persuasive reason why we should try to follow a different course. That is all I am saying. If we follow the priorities exemplified by the pending bill, and some of the others that have been before us, we might take a different course. Others might rely upon our example as an intelligent, civilized, discriminating community, and try to follow our example. They might say, "Here is a country that knows how to manage its affairs in such a way as we would like to manage ours."

As to what I said about Western Europe regarding us as a sick nation, I did not initiate the idea that we are the sick man of the world. That statement was made in the U.S. News & World Report. And the U.S. News & World Report, after all, is a rather conservative organ.

Mr. TOWER. I object.

Mr. FULBRIGHT. David Lawrence is not noted for being a wild-eyed liberal. He is the one who says that we are regarded now by the most civilized part of the world outside of the United States—that is, Western Europe—as being the sick man.

This is very disturbing. Would it not be a much more powerful step toward achieving our objective of a peaceful world if they regarded this Nation as the outstanding example of an intelligently organized and run society? That is what I am talking about. Rather than their having the other view, and we confirming it by voting here the biggest peacetime military budget in the history of

the world—much the largest in peacetime; the only one approaching it was one we voted during the midst of the war.

But according to the morning paper—and I read it just a few minutes ago—we are doing everything we can to confirm that view, as I see it. Certainly for the last several days we have. We voted down efforts to moderate the devotion of our efforts and our money to militarism, and voted to increase the amounts for a number of military programs.

So I think we are confirming that attitude. I am not at all ready to give up, and say this is final. I am only trying to persuade the Senate and the country to follow a somewhat different course. I think we still can, and I hope we will. That is all I am trying to say. We have not given up.

But I wish to say this: Every time a suggestion is made about a change in the present policies, there always creeps into the response an implication that we are not patriotic and not interested in this country. My view is just the opposite. If we are really interested in this country, would we not like to make it a little better than it is? Using patriotism in its purest sense, does a true patriot just accept everything as is, and deny that anything can be improved? Is it not more patriotic, if I may use that term—and I do not like to use these terms—and indicative of more genuine interest in the welfare of this country, to try to search always for some way to improve it?

One way to do that is the manner in which the Senate is discussing this bill. We have discussed what is wrong with our cities, and what is wrong with the country. I know there is much that is right with the country. Goodness gracious, we could spend all day talking about that.

But it does no good just to be complacent, and say that everything is placid and tranquil. It is not.

We do have troubles, and we should try to get at them. And I suggest to the Senator from Texas that those who suggest there are ways to do things better are not disloyal to the United States. We are not trying to promote communism. What we are trying to do is to make our system more attractive, not only to us, but to everybody abroad, by making it work better and by having better conditions of life here, which I think would appeal far more than going to the moon, or having the biggest bomb, or being able to kill more people than anybody else.

I do not think those things appeal either to our own people or to people abroad. It gives a certain satisfaction; power always does, to those who wield it. But I do not think it is particularly appealing to foreigners, or even to our own people. I do not believe the people of my State are especially impressed by the capacity to go to the moon, or to kill 5,000 Vietcong in 24 hours. I think they are impressed by these other things that we can do and such as we are trying to do in this bill. That is the point I am trying to make. I am not trying to denigrate or to run down the United States by calling attention to these matters.

We are only trying to discuss the situation for the purpose of improving it.

Mr. LAUSCHE. Mr. President, will the Senator yield?

The ACTING PRESIDENT pro tempore. Does the Senator from Texas yield to the Senator from Ohio?

Mr. TOWER. I yield 5 minutes to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, I cannot stand silently by while these statements are being made on the floor.

The U.S. News & World Report reports someone in Europe as saying that the United States is sick. The premise for that accusation is that we have not put our fiscal house into order. That is the basis of the charge.

We do know that 15 years ago, we had \$25 billion in gold and we owed the nations of the world in American dollars about \$6 billion. Since that time our gold reserves have dropped to \$13 billion and our indebtedness in American dollars to foreign creditors has risen to \$30 billion. We have begged foreign bankers not to call for payments of our debt. We have begged foreign nations to repay to us the dollars which they owe. We have sought other means to bring our fiscal house in order, but have not been able to do it.

The foreign creditors and those who undoubtedly were quoted by the U.S. News & World Report are those who know of our distressed position with regard to fiscal matters. And the question is, who is to blame?

I have been in the Senate now for 10 years, and for 10 years I have been arguing that we must do something to bring our fiscal house into order. The President has begged us, in this session—though not in previous sessions—to quit spending. But what have we done? We have disregarded his request. We have spent more than he has recommended. And I submit to my fellow Senators that when we do that, we are feeding a bane, not a boon, to the physical anatomy of the United States. We are making it a sick nation because of our fear of fulfilling our responsibility as Members of the Congress.

Mr. President, in reply to the statement made concerning the article in the U.S. News & World Report, I cannot look with favor upon the constant denigration of the United States.

Our Nation has been good to the people of the world. We have spent \$110 billion in trying to uplift the lives of other people. Yet, from the floor of the Senate and out of committee hearings, quotations are broadcast to the world concerning statements made by Senators.

What is the substance and the core of those statements?

From the Committee on Foreign Relations, through statements and through question put, various impressions concerning the United States were given to the world.

The first was that the United States is the aggressor in South Vietnam.

If U.S. Senators make those statements what do we expect the Communist and our enemies to do?

The second impression was that the United States is seeking to impose colonial domination upon South Vietnam,

that it wants to exploit the human and natural resources of South Vietnam.

That is a falsehood. It is completely in conflict with the truth. We are not seeking to exploit the human or natural resources of South Vietnam or of any other place in the world.

The third impression created is that the United States, in effect, is making prostitutes out of the women of South Vietnam.

I reject that statement as indefensible and a slur on the honor of the United States.

The fourth impression created is that the United States is committing atrocities by putting to death innocent civilian men and women.

A recent radio program stated that the era of atrocities has sprung into intense fury within the last few days. By whom are these atrocities being committed? The atrocities have been and now are being perpetrated not by the United States but by the Vietcong.

One of our Senators has made the statement that the U.S. Intelligence Agency dressed its agents in the uniform of the Vietcong and then sent them into the villages to kill innocent men and to rape women solely for the purpose of placing the blame on the Communists.

That statement was carried all over the world. The news agencies in Peking and Moscow grabbed that story and spread it.

The fifth impression created is that the United States is demanding unconditional surrender which makes it impossible for Ho Chi Minh to go to the negotiation table.

That is not a fact. We sought every avenue available by which to get the Communist Ho Chi Minh to the negotiating table. We have not been able to do it.

I do agree with some aspects of the statements made here concerning the placing of a man on the moon. I have fought for reductions in the cost of that program.

My clear purpose has been to speak one word on behalf of a country that has been good to the people of the world and has been extraordinarily beneficent to its own people.

Any statements to the contrary are not in accord with the facts.

Mr. MUSKIE. Mr. President, I yield 2 minutes on the bill to the distinguished majority leader.

Mr. MANSFIELD. Mr. President, I do not think anyone in this Chamber has ever attempted to denigrate our country.

I think every Senator is patriotic, regardless of his point of view. I think that he does his best for the Nation in the light as he views it.

I do not agree with the statement made by the U.S. News & World Report in its "whisper" column, as it has been called. It probably should be labeled the gossip column.

The United States is not the sick man of the world. However, we must recognize that our cities are suffering from an illness.

In a meeting held before a Senate committee earlier this week, when the Attorney General was asked whether

there was any agitation connected with the situations existing in Cleveland, Minneapolis, Chicago, Detroit, Los Angeles, Rochester, and the many other large cities in our Nation, he said:

Yes. There were agitators involved, and those agitators were named disease and poverty and hunger and lack of opportunity.

It appears to me that the pending bill, on which both the manager of the bill and the ranking minority member are in accord as far as the ultimate objectives are concerned, is a step in the right direction.

The pending bill does not apply to a State like mine, any more than it does to a State like that of the Senator from Maine or the Senator from Arkansas. However, it is a national problem which we must recognize.

There is a growing disrespect for the rule of law in this country. Respect for the rule of law is the bedrock of any society. Disrespect is symptomatic of society which does not face up to its responsibilities. We cannot blink our eyes at this situation.

The cities themselves evidently cannot cope with this problem alone. It is up to us to try to do something because it is a national problem and ours is a national responsibility. It is unfortunate, but every summer the situation in our major cities seems to get worse.

Insofar as civil rights legislation is concerned, Congress, year after year, beginning under the leadership of the President of the United States when he was majority leader in the Senate, has passed many civil rights bills. However, they are no panacea: The problem we try to meet in this bill is of much greater scope and its causes and remedies far more complicated than the problems faced in those measures.

I think it is proposals like this, which try to reach down into the heart of large metropolitan areas, which present some hope in reaching the core of their problems—some hope, so to speak, of finding a remedy for the illness, the poverty, the lack of education, and the disease; it is an attempt to cure rather than disperse these problems.

I hope that no one in this Chamber will ever be accused of denigration of this country because, to my knowledge, no one has done so.

I certainly would not place any substance in a statement carried in the "whisper" column of the U.S. News & World Report which, incidentally, was reporting something it had heard in Europe.

When a Member of the Senate refers to an allegation of this kind on the floor and identifies it and its source, he certainly should not be charged with having made that statement or the validity of the opinion stated therein. He has made a referral and identified its source.

The business now before the Senate is to decide what we are going to do to help the people in the large cities where unrest has become perennial and where some action must be taken or the situation will get worse.

Mr. FULBRIGHT. Mr. President, will the Senator yield so that I can place in the RECORD the exact words that have been discussed?

Mr. TOWER. Mr. President, I yield to the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, in order to clarify the item that has been discussed and distorted by some of my colleagues, I want to read precisely what was said on page 21 of the U.S. News & World Report of August 22, 1966. It reads:

In Europe, western leaders are beginning to call the United States "The sick man of the world," plagued with war, strikes, street riots—including arsons and looting crime running wild, and with a dollar facing an uncertain future.

I only wish to point out that we know we have had this unfortunate strike. It has inconvenienced all of us. We have had the riots, accompanied by arson and looting. We have seen the pictures. Nevertheless, I am not alleging, and never have, that these are incurable or that the whole country has it. We have not had this in Arkansas and many other places. It is only a symptom of a problem that we ought to deal with. I do not like to have the United States referred to by anybody as a "sick man." That is why we ought to do something about it.

Mr. TOWER. Mr. President, I yield myself 5 minutes.

Mr. President, I wish to make it clear that it was not the intent of my remarks to imply that any Member of this body is unpatriotic.

I realize that we have our foibles and weaknesses in this country; and I know, too, that one of the things that makes the United States great is that by virtue of the fact that we have free speech, free press, and freedom of assembly, we can speak out about the things that are wrong with this country. I hope that we will never lose the facility for self-analysis and self-criticism, because I believe that this is one of the things that has made our country great.

I become a little riled sometimes when it is implied that the United States has precipitated war. We have been in four wars in this century, none of which we started ourselves, two of which we certainly were not ready for, and the one in which we are involved now is a nasty, filthy little thing that I wish we were not involved in. The fact of the matter is that we are. Why are we? Because a great and tyrannical power has sought to impose its will on a people who are not capable of defending themselves.

We seek no territorial or population aggrandizement for the United States. We do not want any more territory, and we do not want any more people for whom to be responsible. As I see it, our national goal is to attempt to create a climate in this world, or help create a climate in this world, in which all people can aspire to self-determination and have some reasonable hope of realizing that aspiration.

I wish that we did not have to spend so much money on defense, but we must. It is a matter of necessity. Not only must we fight a war, but also we must deter bigger wars, and that is why we spend what we spend on defense.

With respect to the problems of the United States, the national defense is a

function that can be performed only by the Government of the United States. The raising of arms is a peculiar concomitant of nationality. Therefore, only the Government of the United States is competent to authorize and appropriate money for the national defense. But as far as our social problems are concerned, as far as our economic problems are concerned, as far as the problems of cities are concerned, many other entities work on these problems—the city government itself, the private organizations, the nonprofit organizations that operate within cities, State governments, and the Federal Government. It is applied to the cities; it is not solely the responsibility of 535 men sitting here on Capitol Hill, in Washington. And when we say that it is, we are being arrogant and we are being presumptuous.

I still believe that the people of the United States, acting in their capacity as citizens of the community and of the State, are capable of disciplining themselves to do for themselves what they should and must do. What we propose to do is very little compared to what they have already done.

I think that sometimes in our presumptuousness we arrogate power unto ourselves that ultimately results in weakening—or perhaps, in some instances, destroying—the sense of individual and local initiative and responsibility of the people of the United States.

I submit that this program is not necessary. We are doing things for the cities. We have an urban renewal program in operation. How much money in that program has not been used? Billions of dollars have been authorized which have not been used. So that we are not even making full utilization of all the money that has been authorized and made available for urban renewal. I shall place those figures in the RECORD.

Mr. President, this proposition with which we are dealing, with inadequate guidelines, somewhat vague in character, leaving so much to the arbitrary will and discretion of one or a few men, will not be the panacea for all the ills of the cities.

Urban renewal has spent \$1.5 billion in Federal funds since 1949, out of a total of \$7.6 authorized. Full utilization has not been made of that money.

The PRESIDING OFFICER (Mr. MONDALE in the chair). The time of the Senator has expired.

Mr. TOWER. Mr. President, I yield myself 3 additional minutes.

Mr. President, we have heard from a number of distinguished Senators from rural States. I come from an urban State. In my State are at least 15 cities with a larger population than the largest city in the State of the distinguished Senator from Maine. Houston has a million and a quarter people, Dallas has a million, San Antonio has 800,000. There are many big cities in my States. I was born in the sixth largest city of the United States, Houston, and I am not insisting on the needs of the cities; but I submit that if the vast majority of the people in the urban State of Texas do not

want this program, I cannot understand why these rural gentlemen are advocating it.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield 5 minutes to the Senator from Rhode Island.

Mr. PASTORE. Mr. President, I have listened attentively to our distinguished colleague, the Senator from Texas. I believe in his sincerity, I believe he is consistent as he is constant in his persistency in counseling us to be cautious and very careful in expending money on a Federal level to perform tasks that possibly could be performed on a local level. But I hope that he would look at the other side of the coin as well.

I come from a very urbanized State. As a matter of fact, my beloved densely populated State of Rhode Island has been characterized as a city State. More than half of the people of Rhode Island live in metropolitan Providence.

I have been Governor of my State for 6 years, and I have been honored to be in the U.S. Senate for 16 years. Ours is a State founded on religious and racial tolerance and I never dreamed that in my own State we would have demonstrations in any of our cities, but they have taken place.

I believe that the world is going through a transition period. It may be called an evolution or it may be called revolution, but people are beginning to understand more and more about what the dignity of man means. They are reaching out for those basic values that are known as freedom and liberty and the right to think as one feels he should think, and the right to say what a man thinks.

As depressed and oppressed people understand more, they demand more—and those demands are not limited to any one locality—and are beyond the means of any one locality to meet.

It is a wise local authority that recognizes this and it is a conscientious local authority that seeks the help to avoid calamity.

Mr. President, my experience has been that many mayors are asking for this kind of a program. It is not because they desire to extend their hand and dip their fingers into the Treasury of the United States. But the problem is so gigantic and the task is so herculean that it is almost impossible, on a parochial level, to do the things that need to be done to remove these scourges, the genesis of which goes back 100 years. Sometimes we become a little impatient because we think we should be able to do it in a fortnight. We cannot do it in a fortnight, but we must begin to do something about it. And here is our opportunity, and here is our necessity.

The television is our teacher when one sees Americans rising against Americans. Yet, Mr. President, I wish to say at this point that I have not been discouraged in this country. Good heavens, no. I can understand the burning desire of the humble heart to share in the glory that America can and does mean. There is no man who can understand the glory of America better than the Senator who is now speaking. No one can understand that better than I. No one should

understand more and appreciate more about what America means than the senior Senator from Rhode Island. I am a product of the glory, the benevolence, and the opportunity of America. For otherwise I would never have been Governor of my State, or would I be in the Senate today.

Sometimes those glories seem a little tarnished. It is true that sometimes a handful of rowdies take over in the cities and make the situation look bad. Those are sore spots—and they stand out because they are sore spots. But they are not symbolic of the vast youth of America.

I have visited college after college. I have talked to college groups by the hundreds across this Nation. I dare to say that the youth of today is as clean, good, and law abiding, perhaps even better today than in my day of youth.

Violence rather than virtue makes the headlines. So there are news items published on the front pages of the newspapers and people, perhaps somewhere in London or Rome, without looking at their own troubles, say that America is falling apart.

Of course, America is not falling apart. I do not care where anyone lives in the world; he would like to come to America. I do not care whether they live in Italy, France, or Germany, people look toward America with awe. There is no place in the world like America. One need only travel to discover that fact—and our good fortune. It is a good fortune that we know—only too well—all Americans do not share in equal measure.

On this question I know that it is not easy to find a cure for our ills.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. PASTORE. Mr. President, I ask unanimous consent that I may proceed for 4 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PASTORE. What do we hold out to these depressed people? What do we hold out to these denied people? What is the answer for the slums? We build a big freeway to accommodate air-conditioned Cadillacs so that they will not be interrupted in their travel. We build tremendous highways. Where do we build them? We build them right through a slum area.

Do we say to ourselves, "Where do these poor people go?" Where do they go? Is there a worse ghetto than the ghetto they are leaving? If there is, that is a despicable and deplorable situation. We have to act. We have to do something about it. We have to find housing for the dispossessed.

There is not a city in my State which can meet that responsibility on its own. We have succeeded in taxing nearly everything on a national level. About all that can be done in the State of Rhode Island is to raise the tax on real estate. It gets so that a family man with two or three children cannot afford to own his own home.

After awhile the burden becomes so great that even here in Washington we raise the income tax from time to time. We do this and we do that. Everyone gets the idea, "Let's go to Washington."

I do not encourage that. I do not endorse that. I do not condone anyone who looks at it that way.

I understand that Governors had a group conference not too long ago, as did a group of mayors. They thought that the billions and billions of dollars that we collect on a national level should be sent back without limitation for them to spend as they see fit. I do not like that idea. Anybody who seeks the privilege to spend money should have the obligation to raise it. That is my philosophy. If money is going to be spent, then the responsibility for raising it must be assumed by the spender. That is our responsibility here. We raised the money here, and now we have the privilege of spending it.

The question is: Are we throwing the money away? Are we wasting it away? Or are we beginning to do what needs to be done, as a first step? I say, "as a first step," because if you do not take that first step, you cannot take the second step and the succeeding steps to do something about removing the deplorable conditions that exist in some of our urban areas.

Possibly some States do not have the problem which others have in their congested areas. But there has been an exodus of Negroes from the South to the North. There has been an exodus of Puerto Ricans from Puerto Rico. There has been a trend for them to go to the urban areas of the North. In many instances four or five members of one family live in one room. Their history is not a pleasant one. Many of these places are rat infested. Many young babies in their cribs are being bitten by rats. When that happens one can imagine how resentful that mother and father become. Protest is proper. Then, there comes the question of whether there are going to be violent or nonviolent demonstrations.

I respect the sincerity of the Senator from Texas [Mr. TOWER], but I think that he goes too far when he says that this program is unnecessary. The minute that that is said one would be closing his eyes to the many scourges that are afflicting American society. Unless we begin to do something about this situation, in time we will pay a severe price. Necessity is not to be met by neglect.

Today industry is organized. Today labor is organized on a lofty level. Today even the oppressed are organized on a major level. One does not quarrel, contest, or fight against that individual as an individual any more. That would be fighting against the cause that he represents, and you are not going to sweep that mighty issue under the carpet. That is not going to happen.

Yes, there are two sides to this point. There is sincerity on both sides of the argument, I understand that. But I am not carried off by the idea that all we have to do is to sit back and say, "Let's let the town people do it; let the city people do it; let the State people do it, and the job will be done."

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. PASTORE. I ask unanimous consent that I may proceed for 2 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PASTORE. The job will not be done in that fashion. I realize that this is not even a ripple in the ocean. I realize that this is hardly a drop in the bucket. But it is a start.

There was a report by a commission headed by John McCone, the distinguished industrialist and one of the greatest public servants that we have known—at least, that I have known in my term in the Senate. He was formerly the Chairman of the Atomic Energy Commission. His report said we need \$5 billion to take care of Watts. Would you levy that on a local level?

Where would \$5 billion be raised in Watts? I am not saying that we should start appropriating \$5 billion, but somewhere along the way someone has to help. This is a national responsibility. If this situation is permitted to grow and grow, whether it is in Chicago, whether it is in Providence, whether it is in Austin, Tex., whether it is in Houston, or Billings, Mont., or Augusta, Maine, I do not care; let it grow, and grow, and grow, and it will be a cancerous growth that could well destroy the American system. Let us operate while there is time.

The time to do something is now, today. Do it with moderation, and not, as we have done in some other programs, where we proceeded on a crash basis and found ourselves in trouble.

I am not defending waste or maladministration. I am defending a philosophy. This problem has assumed national proportions. It has become a national concern, and it needs some kind of national remedy. And this Senate must do its part.

I thank the Senator for yielding to me.

Mr. TOWER. Mr. President, I yield 2 minutes unto myself.

I think that sometimes we delude ourselves into thinking that wherever a problem presents itself, if we just throw some Federal money at it it will go away. I might point out that Federal programs themselves have caused some displacement and some discomfort for slum dwellers because Federal bulldozers for urban projects have more often than not displaced people with no other place to go and left them with inadequate housing.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. TOWER. Mr. President, I yield 3 additional minutes unto myself.

The PRESIDING OFFICER. The Senator from Texas [Mr. TOWER] is recognized for 3 minutes.

Mr. TOWER. Mr. President, this demonstration cities bill and the testimony supporting it in the House and in the Senate leave the Congress almost completely in the dark as to the scope of the program.

At no time has the Congress been told in the hearings to how many cities the supporters of the program intend to give these broad benefits;

Or what cities they believe will be able to qualify for the benefits as demonstration cities;

Or what the estimated cost of the total program might be.

The minority members of the committee said in their report that this is no

time to expand extensive spending programs, yet there is an authorization of nearly \$1 billion in this measure for a program about which the Members of Congress have been given minute evidence of need.

I recognize the plight of our big cities—and of some of our smaller cities as well—but with the country's money demands what they are and with cost-of-living dangers what they are, it would be wiser to consider this inflationary period to be the time for planning instead of spending—planning for the days when spending is more in keeping with the supply and cost of money.

I will offer an amendment which will keep all of the provisions of the demonstration cities bill intact for planning purposes for fiscal years 1967 and 1968.

We can hope and pray that before those 2 planning years have ended Vietnam will be only a blot on history's picture, that the dangers of inflation will have passed, and that we will be in far better fiscal position to take up billion-dollar expenditures for new programs.

My amendment would leave in the bill the requested \$12 million authorization for each of the fiscal years 1967 and 1968, but would provide that no funds be appropriated for the actual operation of the program. Thus, we would have a planning program—and we could use some planning.

My amendment adds a requirement that the Secretary of Housing and Urban Development shall report to Congress not later than June 1 of each year, 1967 and 1968, the number of programs which have been submitted to him for approval; the number of such programs which the Secretary feels meet the criteria contained in the bill; the city demonstration agencies which have submitted satisfactory applications and an estimate of the cost of the satisfactory applications.

These reports will serve as a guide to the Congress as to who might get the benefits of this program and how much they might get. It will demonstrate, also, whether only the major cities can prepare qualifying plans in time to share in the benefits of such a program.

This amendment would set up a "plan now, pay later" program.

In the meantime, the cities can work with those urban renewal billions which have not yet been used up.

Mr. President, in short, my amendment would not gut the bill. It would simply eliminate the authorization for fiscal years 1968 and 1969. Let us give the money for plans. Let us get the plans and let us look at the plans. Let Congress have an opportunity to see the results of the planning and what the judgment of the Secretary will be, as to how he will apply the standards and the criteria. Otherwise, we will be leaving a great deal of arbitrary power in the hands of one man. Thus, I think we had better go ahead and authorize the planning, but not bind ourselves hand and foot by authorizing \$900 million at this time.

Mr. MUSKIE. Mr. President, the Senator from Ohio has asked me to yield

to him for the purpose of answering some questions, which I am delighted to do at this point; and I therefore yield myself 5 minutes for that purpose.

The PRESIDING OFFICER. The Senator from Maine is recognized for 5 minutes.

Mr. LAUSCHE. I thank the Senator. What was the amount that the administration recommended be expended for the program outlining the problem?

Mr. MUSKIE. For title I, the demonstration cities program, the President asked for an open ended authorization which he indicated would call for \$2.3 billion over a 5-year period. This is spelled out in Secretary Weaver's testimony.

Mr. LAUSCHE. What is the amount allowed in the bill?

Mr. MUSKIE. We have cut that amount to \$900 million, and have cut the period from 5 years to 3 years. That is, the bill now provides for planning money in this fiscal year of \$12 million, and planning money in the next fiscal year of \$12 million; and then \$400 million for program money for fiscal 1968; third, \$500 million in program money for fiscal 1969.

Mr. LAUSCHE. There will be no money available for the execution of the project in the first year?

Mr. MUSKIE. The Senator is correct.

Mr. LAUSCHE. The only money allocated is the \$12 million for planning? In the second year, there is \$12 million for planning, and then there is \$400 million for execution?

Mr. MUSKIE. The Senator is correct.

Mr. TOWER. If I may interject there, actually there is another \$250 million in the bill—section 113.

Mr. LAUSCHE. I will get to that later.

Mr. MUSKIE. We were addressing ourselves to the demonstration cities part of the program. I think we will get to that point later.

Mr. LAUSCHE. What is the amount in the third year?

Mr. MUSKIE. Five hundred million.

Mr. LAUSCHE. That is new money for planning?

Mr. MUSKIE. There is no planning money in the third year.

Mr. LAUSCHE. By the time of the third year the planning is supposed to have been completed?

Mr. MUSKIE. The Senator is correct.

Mr. LAUSCHE. What has the committee done with respect to the open-ended authorization?

Mr. MUSKIE. We have eliminated the open-ended authorization.

Mr. LAUSCHE. Mention has been made by the Senator from Texas of the \$250 million item. Will the Senator explain that, please?

Mr. MUSKIE. On the House side—although the House has not yet acted on the bill—in the House committee, \$600 million was added for urban renewal because it was feared that otherwise the outstanding urban renewal authorization might be drained for the demonstration cities program to the detriment of other cities in other communities that would not be in the demonstration cities

program. Thus, the \$600 million was added. We have cut that amount to \$250 million, which is in this bill.

Mr. LAUSCHE. I think that answers all my questions, and I thank the Senator for his information.

Mr. TOWER. Mr. President, the way the bill reads is, in part, as follows:

The Secretary may contract to make grants under this title, on or after July 1, 1967, in an amount not to exceed \$250,000,000: *Provided*, That the authority to contract to make grants provided by this sentence shall be exercised only with respect to an urban renewal project which is identified and scheduled to be carried out as one of the projects or activities included within an approved comprehensive city demonstration program * * *.

Mr. MUSKIE. That is right. That means that we would have to resort to the outstanding urban renewal authorization. The Senator has stated exactly what I said. There is no difference.

Mr. JAVITS. Mr. President, will the Senator from Maine yield?

Mr. MUSKIE. I yield 3 minutes to the Senator from New York.

The PRESIDING OFFICER. The Senator from New York is recognized for 3 minutes.

Mr. JAVITS. Mr. President, I rise to oppose the amendment offered by the Senator from Texas because I think it would gut the program. I hope that the Senate will turn it down.

Mr. President, we are now engaged in a series of hearings before the Executive Reorganization Subcommittee of the Government Operations Committee, of which I am a member and of which my colleague from New York [Mr. KENNEDY] is also a member.

We are learning from the Attorney General of the United States that he regards the incendiary potential building up within the cities as being so great that he cannot assure us there will be no riots in as many as 40 cities.

We are suffering from great demographic and social changes in the great cities of this country, from an enormous increase in population—it now amounts to 125 million people out of an aggregate population in the United States of somewhat under 200 million—which represents a literal revolution in population change, the flow of people from the rural areas to the urban areas—including a great outpouring from the Southern States, heavily attributable to a century of suppression of the Negro people in the South.

All this has created enormous problems of the greatest moment to public order and tranquility.

One thing is clear—whatever we may do, whatever it is our intention to do, the time to do it is now and not tomorrow. With the best faith in the world, if it is given us to have only planning funds for great projects in the cities of a comprehensive nature such as are contemplated in the pending bill, it will be necessary to defer realization for at least the 2 years which could be indispensable in preventing what may happen in many of our great cities.

It is unfortunate that we have this concentration of problems in the cities

at the same time we are fighting a war in Vietnam. But, let us remember, we have the great productive power of the United States with us. We must therefore try to utilize a fair allocation of our resources so that we do not, by design, delay the consummation of what is urgently required in order to bring a condition of tranquillity back to the country and return security to the people of the cities—125 million strong.

It is clear from the testimony to which we have been listening every morning—including this morning—that one of the most urgent problems on which this program can zero in is the comprehensive approach to do something with important sections of the city, especially its central core.

We have had express testimony from the Attorney General, from the Secretary of Health, Education, and Welfare, from the Secretary of Housing and Urban Development, from the Government officials who testified. They pick out this demonstration cities program as the key to whether or not we can get moving toward a solution of the problems. If we let this slide, we are inviting what we will get—to wit, disorder in the cities, disorders and riots. If we do not pass it, we leave them no alternative but to loot and burn as a product of their despair. Of course, we will suppress that disorder. Neither I nor anyone else will condone anarchy, but it is a terrible cost to pay for failure to generate what is proposed here on the part of the Congress.

I shall marshal my arguments in favor of the bill for a later time.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JAVITS. Mr. President, I ask for 1 additional minute.

Mr. MUSKIE. I yield 1 additional minute to the Senator from New York.

Mr. JAVITS. If we gut this bill, we will be intentionally and designedly doing something that we should not do with respect to the situation which faces us in 40 cities of America, as the Attorney General testified. We will be facing riots and fires unless we give the people something to which they can look for relief. I hope that the Senate will pass the bill in an attempt to do something about the problem.

Mr. MUSKIE. Mr. President, I yield 5 minutes to the Senator from New York [Mr. KENNEDY], in order to engage in a colloquy with him.

The PRESIDING OFFICER. The time on the amendment has expired.

Mr. MUSKIE. I yield time on the bill.

The PRESIDING OFFICER. The Senator from New York.

Mr. KENNEDY of New York. Mr. President, I want to join with my senior colleague from New York [Mr. JAVITS] in opposing the amendment offered by the Senator from Texas. If adopted, I think it would destroy the bill. In view of the disorders that have taken place in our cities over the last few years, it is quite clear that there are major problems for the country to deal with. The question is whether we are going to develop any proposal to deal with our urban problems in an orderly way.

When we realize that 80 percent of our people will live in the cities within the next few decades, when we ask ourselves whether those cities will be allowed to grow and develop as places where people will want to live in peace, and whether industries will remain in the cities, the answer is really going to depend on the judgment of Congress and the executive branch as to how Federal law will be structured and how it will be used in conjunction with the local communities and cities.

My disagreement with the demonstration cities program is not that it goes too far, but that it does not go far enough. It is but a beginning in an effort to meet some of the problems of urban areas across the United States.

Although I join with my colleague from New York about the need to prevent violence, I think we also have a responsibility to the people who live in urban areas, who live in poverty, who lack opportunity to obtain proper training and education, and therefore to obtain jobs.

When we consider that 43 percent of the Negro families who live in urban ghettos are now living in dilapidated and substandard housing, when we consider that one-quarter of the children in the ghettos are "aid to dependent" children, we realize the importance of this opportunity, this legislation, which will, for the first time, bring all of the Federal programs together in a coordinated way. It is an opportunity for the first time to put together the Federal program which the cities and the States might use. I think it is the first opportunity to really bring private enterprise into the effort to bring about a solution.

Does the Senator from Maine agree?

Mr. MUSKIE. The Senator is correct. It is difficult to project the extent to which the cities and States and the private sector will proceed with the program which will be stimulated and generated by the supplemental money provided by the Federal Government, but it is estimated that the total expenditure will be on the order of \$5.5 billion, considering local governments, State governments, the private sector, as well as the Federal Government, under the existing and supplemental programs. It is this effort that we need to unleash.

Mr. KENNEDY of New York. Through the hearings conducted by the Senator from Connecticut [Mr. RIBICOFF] and also the hearings conducted by the Senator from Maine for some years, the necessity has been shown for a coordinated approach to these problems, and it has been shown that it is a coordinated approach that has been lacking. This bill will be a means of coordinating the various programs and there will be an opportunity for these programs, of which there are hundreds, to bear on the problems in a coordinated way.

We had an example of this in New York City, when \$10 million worth of poverty money had to be turned back because they were not dealing with it properly.

This program will enable all the programs to bear on the problem for the first time in a coordinated way. For the

first time it will bring private enterprise into the ghetto areas. There are no General Electrics in Harlem or Bedford-Stuyvesant. Private enterprise, which has been responsible for so much of the success of this country, will for the first time be able to play a part in this effort.

We have all talked about coordination at the Federal, State, and local community level. All of us have been critical when it has not existed. We have all said that our private enterprise should be utilized.

For the first time we have come up with a program—a limited but necessary program—which will give us a coordinated attack against the problems and bring in private enterprise in a substantial way.

Mr. MUSKIE. The Senator from New York is eminently correct, and I deeply appreciate his cooperation.

Mr. President, I yield 3 minutes to the Senator from Pennsylvania [Mr. CLARK].

Mr. CLARK. Mr. President, I should like to join my colleague from New York [Mr. KENNEDY] in expressing my support for the bill. In many ways, the problems of our cities in New York and Pennsylvania are identical.

I strongly commend the Senator from Maine [Mr. MUSKIE] for his magnificent job in shepherding this bill to the Senate floor. I hope he will be successful in getting it passed by the Senate.

It is even more commendable because of the fact that the Senator from Maine does not come from an urban area. Yet he has mastered these facts better than many of us to bring out the problems of the metropolitan areas and the smaller cities, too.

I join with the Senator from New York [Mr. KENNEDY] in stating that this program is inadequate. It ought to be 10 times as large as it is. I say that in all seriousness. It should be in the neighborhood of \$9 billion instead of \$900 million. But it is still a foot in the door. Perhaps with this start, we can get moving—if we can ever get the war in Vietnam cleaned up—and proceed to do what should be done.

I am particularly interested in the table which the Senator from Maine placed in the RECORD of yesterday, on page 19012, which shows the Federal programs brought together for coordination under this program.

Is that correct?

Mr. MUSKIE. That list includes 49 of the programs most likely to be under the demonstration cities program. It is not all of them, but these 49 appear the most likely to be brought under it.

Mr. CLARK. This is a magnificent job.

As I have said, I do not think the bill provides enough money, but with the initial expenditures for planning and coordination, perhaps we can get rolling.

It is clear to me that many of these programs overlap. As chairman of the Subcommittee on Employment and Manpower of the Committee on Labor and Public Welfare, I am aware that there are projects which can be coordinated under the bill for the benefit of the people in the urban areas. There are a host of problems under the education pro-

grams which are involved. I have the honor to serve on that subcommittee, as well.

I think the Senator from Maine has done a magnificent job in getting this "show on the road." I hope that the amendment of the Senator from Texas, which would destroy that good work, will be defeated.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MUSKIE. Does the Senator want more time?

Mr. CLARK. No.

Mr. DOUGLAS. Mr. President, will the Senator from Maine yield?

Mr. MUSKIE. May I say to the Senator from Illinois, the Senator from South Carolina asked for some time earlier. I should like to have him go ahead; then I shall yield to the Senator from Illinois.

Mr. DOUGLAS. I thank the Senator from Maine.

The PRESIDING OFFICER (Mr. HARRIS in the chair). Who yields time?

Mr. TOWER. Mr. President, I yield 4 minutes to the Senator from South Carolina.

The PRESIDING OFFICER. The Senator from South Carolina is recognized for 4 minutes.

Mr. THURMOND. Mr. President, I enthusiastically support the amendment offered by the distinguished Senator from Texas [Mr. Tower] to the pending bill.

In the present context of fiscal and monetary affairs of our country, I am not at all convinced that S. 3708, the Demonstrations Cities and Metropolitan Development Act of 1966 should even be considered on its merits. A major portion of the Senate session yesterday was devoted to a very thorough discussion of inflation and high interest rates. Many Senators joined in and expressed their concern in this area and their support in taking positive steps to correct the decidedly inflationary tendencies in our economy and the trend toward higher and higher rates of interest.

The distinguished Senator from Wisconsin [Mr. PROXMIRE] discussed this matter in great detail, and he made one particularly significant point which I would like to emphasize by quoting his statement verbatim from the CONGRESSIONAL RECORD as it appears on page 18966 of the daily CONGRESSIONAL RECORD which is now on each Senator's desk. Beginning at the bottom of the second column on that page, Mr. PROXMIRE says:

But the inflation in both interest rates and prices is coming from the boom in construction, and to this the Government is directly contributing, and in a big way.

Consider these shocking facts, Mr. President, and recognize that this is taking place in a period of inflationary boom in construction that has contributed to a home-building recession.

Here is the Government's spending for civil public works, excluding national defense. I repeat, excluding national defense.

For 1958, the total civilian Federal spending in this area was \$3.1 billion. By 1963, it hit \$5.8 billion. And for the present fiscal year of 1967 this year of construction inflation—it is \$7.6 billion of Federal civil construction.

This spending has far more than doubled in 9 short years. It is civilian, not national defense spending; it is directly inflationary; it requires Government borrowing that drives up interest rates; and in past wars it has been either partly or wholly deferred.

Mr. President, this point is very well taken, and it certainly has a significant bearing upon the Senate's action with regard to the pending Tower amendment.

The Tower amendment makes this bill a planning bill and would allow the Congress the opportunity to review the plans before deciding whether they merit the tremendous outlay of funds which is contemplated in the bill. Unquestionably, this is a wiser course of action to follow.

Mr. President, it has been said here that we will have more demonstrations, more riots, and more trouble unless we pass this demonstration cities bill. In other words, the demonstrators are laying down an ultimatum as to what they are going to do unless we pass this bill, as I understand.

I wish to say here and now that if we pass this demonstration cities bill it will not stop the demonstrations and the riots. It will not stop all, or even a significant portion of the demonstrations, such as have occurred in Chicago, in Cleveland, in Harlem, in Buffalo, in Detroit, and in the other places throughout the country, because there is evidence that some of those demonstrations are either Communist inspired, Communist directed, or Communist controlled. Even the mayor of Chicago, Mayor Daley, found evidence of Communist involvement or intigation as a result of a thorough study of the riots in Chicago. Until the President of the United States takes steps to expose the individuals involved in demonstration after demonstration, and shows up those people for what they are, we are not going to stop the riots. Certainly passing this demonstration cities bill will not stop the demonstrations.

Mr. President, I urge the Senate to adopt the Tower amendment in the interest of fiscal responsibility and the stability of the dollar.

Mr. MUSKIE. Mr. President, I yield 2 minutes to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. DOUGLAS. Mr. President, first I wish to congratulate the Senator from Maine on his magnificent handling of this bill. I had the pleasure and the honor of introducing the original bill. I think the Senator from Maine has improved it very markedly, and it is probable that we would not have had the bill before the Senate had it not been for the convincing efforts of the Senator from Maine, both in the subcommittee and in the Committee on Banking and Currency.

I think it should be noted that the only amounts authorized by this bill for the current fiscal year are \$12 million for planning, and that the authorized appropriation of \$400 million for fiscal year 1968, which begins on July 1, 1967, would probably not be spent until 1968. So there is in this bill no immediate addition

to the danger of inflation; and during this period, we can certainly expect the processes of natural growth of the economy—which last year were well over 5 percent—to continue.

So the bill is not inflationary. It deals with a problem which we should have faced long ago, and which, if we do not deal with it now, will be infinitely more difficult in the future.

In conclusion, let me say that we should realize this program is not a substitute for urban renewal. It is intended as a supplement to urban renewal, and to help the very programs to be carried through by the cities which have been losing their taxpaying capacity by the exodus of wealthier citizens and of light industries to the countryside; and which, at the same time, have been taxed by an influx of poorer citizens into the cities themselves.

I hope very much that the Tower amendment, which would "gut" this bill completely, will be defeated by an overwhelming vote.

Mr. TOWER. Mr. President, I yield myself 1 minute.

My amendment would not "gut" the bill. A quarter of a billion dollars is earmarked in the bill for urban renewal projects for fiscal 1968. My amendment would simply serve to give us adequate time to examine the proposed programs, and then to vote for the appropriations the following year.

Mr. President, I yield as much time as he may desire to the distinguished minority leader.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. DIRKSEN. Mr. President, it would be folly for the Senate not to adopt the Tower amendment, and it would be a greater folly if the Senate should pass the bill in its present form.

It has all the prospects and all the potential of becoming one of the greatest boondoggles that this country has ever witnessed. It will be shot through with waste and corruption and goodness knows what all before we get through.

All we have to do is to look at the language of the criteria, such as they are, because under the section termed "Eligibility for Assistance," among other things, there is a question whether the "physical and social problems in the area of the city covered by the program are such that a comprehensive city demonstration program is necessary to carry out the policy of the Congress."

Who is going to make that determination? It is going to be an individual whom we refer to as the Secretary. The second item under that same section reads:

The program is of sufficient magnitude—

And among other things, it states:

The program is of sufficient magnitude to make marked progress in reducing social and educational disadvantages.

You tell me what that means, and you tell me how that will be interpreted.

As to the magnitude, it will have ample magnitude, believe me, because in the Great Society they think of nothing else except the magnitude of these programs.

It is further provided under this section that the program has to contribute to a well-balanced city.

I ask, Mr. President, what is a well-balanced city—balanced with respect to what? Oh, it speaks about housing and maximum opportunities in the choice of housing accommodations, adequate public facilities, health and social services, transportation and recreation.

The sky is the limit. The world is the oyster under this bill.

Then, of course, it has to be scheduled to be initiated within a reasonable period of time. Well, that is all right. I am glad to see that provision, but where are the plans, where are the blueprints, and where are the specifications? Where is the data with which to go forward and initiate an early program?

The last idea is "duddy" indeed, because the program must meet such additional requirements as the Secretary may establish to carry out the purposes of this title.

One man shall say what the additional requirements shall be. That is the language of the bill.

They have one of the secretaries on the pan now. They say his ideas are outmoded, that he is behind the times, and that what his department has done just does not fit the modern situation, as I read the press accounts. I could not go to the hearing.

I concluded that all they wanted was \$10 billion a year, and maybe for a 10-year period.

The distinguished Senator from Rhode Island was on the floor a moment ago. In his most impassioned tone, he said: "Let it grow, grow, grow."

He will not be disappointed. It will grow, even as everything in Government grows, and it will be something to contemplate this business a few years from now.

This is a vague kind of a plan. It has not been thought out. It is half baked. They now want a commitment of \$900 million for 2 years. However, that is not the end of it.

The Senator from Pennsylvania said: "Let us put a toe in the door." He was not kidding. This is the toe in the door, and from here on it will be dollars and dollars and dollars. It will not be millions, but it will be billions before we get through.

I have looked around from time to time to get a little expert information in this general field. I discovered the book entitled "The Federal Bulldozer," written by a professor named Martin Anderson. I should have saved the jacket. He is a good-looking fellow. I guess he did this as a research fellow for the Massachusetts Institute of Technology. However, in reading the foreword, he certainly went into the matter thoroughly.

He was not content with the published reports of HUD and HEW. He came down here and talked to the Assistant Commissioners. He discovered that there were unpublished reports.

I wonder if those reports ever came to the attention of the Senate committee, the House committee, the Senate, or the House of Representatives. I doubt it very much.

Professor Anderson spent a lot of time putting this information together, and he comes to some rather interesting conclusions, which I want to relate for a moment, particularly so because he dealt with urban renewal and development.

My colleague, the senior Senator from Illinois, just got through saying that this bill before us is a supplement to urban renewal. Well, if urban renewal is a colossal failure—and it is—then, of course, we are just going to supplement a failure, and that will be a double failure before we get through.

Professor Anderson lays the informa-

tion out in great style. He did not overlook a thing. I was delighted, of course, that among other things he included here what he discovered to be the beliefs about urban renewal as distinguished from the facts and estimates.

Mr. President, I ask unanimous consent that the data from the bottom of page 219 to virtually the bottom of page 223 of Dr. Anderson's volume be printed in parallel columns in the RECORD, exactly as it appears in the book.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

BELIEFS

Housing quality in the United States deteriorated badly during the decade from 1950 to 1960, especially in the major cities.

The middle-income group is becoming less important in the life of the city, as the low-income, minority groups and the high-income groups gain in relative importance.

The federal urban renewal program has made a significant contribution toward solving the housing problem, especially for low- and middle-income groups.

Most of the new buildings constructed in urban renewal areas are public housing for low-income families.

The families that are required to move from their homes by the federal urban renewal program move into better housing in better neighborhoods.

Urban renewal helps poor people, especially those from minority groups.

Urban renewal does not affect one racial group more than any other.

The federal urban renewal does not really affect many people.

Urban renewal eliminates slums and prevents the spread of blight.

Urban renewal generates a large increase in the tax revenues of the city.

Urban renewal plays an important role in the economy of the United States; its role in the economy of cities is very important.

If it had not been for the federal urban renewal program, the new buildings erected on urban renewal sites would not have been built within the city.

The private construction put up in urban renewal areas is wholly financed by private lending institutions.

Most of the money used for urban renewal comes from private sources. For every \$1 contributed by the government, private interests invest about \$4.

A typical urban renewal project only takes a few years to complete.

FACTS AND ESTIMATES

The decade from 1950 to 1960 witnessed what was probably the greatest improvement in housing quality ever shown in the United States. This was also true for the cities, especially the major ones.

Middle-income people today constitute 57 per cent of the population of cities with over 100,000 population. Their importance relative to low- and high-income groups has remained essentially unchanged since 1950. Large cities have a relatively greater share of the middle-income population than does the country as a whole.

The federal urban renewal program has made it more difficult for low- and middle-income groups to obtain housing because of the amount of low-rent housing it has destroyed.

Most of the new buildings constructed in urban renewal areas are high-rise apartment buildings for high-income families; only 6 per cent of the construction is public housing.

Many of the families that are required to move go into housing as bad as or worse than their original homes in neighborhoods that are as bad or worse than their original neighborhoods. And they often pay higher rents at the new location.

Urban renewal helps upper-income people and a few elite groups. It hurts low-income people, especially those from minority groups.

Over 60 per cent of the people forced to move are either Negroes, Puerto Ricans, or members of other minority groups.

In 1962, 1,665,000 persons had been or were about to be required to move from their homes. If the program continues to expand, more millions will be displaced in the future.

It is likely that urban renewal simply shifts slums and thus encourages the spread of slums and blight.

So far, urban renewal may have caused a decrease in cities' tax revenues. Indications are that the chances of urban renewal increasing tax revenues are small, and if they do increase, it is likely that the increase will be slight.

Urban renewal plays an insignificant role in the economy of the United States; its role in the economy of cities is slightly greater, but still insignificant.

It is estimated that 50 per cent of the new construction put up on urban renewal sites would have been put up elsewhere in the city, even if the federal urban renewal program had not existed.

Approximately 35 per cent of the private construction in urban renewal areas has been financed by the federal government through one of its agencies, the Federal National Mortgage Association.

A large part of the money used for urban renewal comes from the government. For every \$1 contributed by the government in the form of grants and loans, private interests invest about \$1, not \$4.

Urban renewal takes a very long time. The typical project takes almost twelve years to complete.

BELIEFS

Urban renewal construction is profitable for private developers.

Rehabilitation is superior to redevelopment. People are not required to move from their homes, it does not cost as much, and it is fairly easy to accomplish.

The constitutionality of the federal urban renewal program has been established beyond question.

Urban renewal is definitely in the public interest, that is, its net result is "good" when looked at from the national viewpoint.

The acceptance of the urban renewal program has been widespread, and the politicians are only responding to the desires of the people.

(The preceding beliefs indicate that the net results of the federal urban renewal program have been favorable.)

Mr. DIRKSEN. Having worked very diligently on this matter for a long time, he states in the column under "Beliefs":

Housing quality in the United States deteriorated badly during the decade from 1950 to 1960, especially in the major cities.

In the column under "Facts and Estimates," he states:

The decade from 1950 to 1960 witnessed what was probably the greatest improvement in housing quality ever shown in the United States. This was also true for the cities, especially the major ones.

As the second item under "Beliefs," he states:

The middle-income group is becoming less important in the life of the city, as the low-income, minority groups and the high-income groups gain in relative importance.

In the column under "Facts and Estimates," he states:

Middle-income people today constitute 57 per cent of the population of cities with over 100,000 population. Their importance relative to low- and high-income groups has remained essentially unchanged since 1950. Large cities have a relatively greater share of the middle-income population than does the country as a whole.

Some of the myths in the "beliefs" do not stack up with the "facts."

I will let the Senators read this in the RECORD for themselves.

I now come to Dr. Anderson's conclusion which, of course, is rather interesting. It is quite something.

First he says:

There are strong indications that private enterprise made substantial gains while the federal government did not.

He also says:

Of the estimated \$824 million of construction started by March of 1961, 56 per cent was private residential housing, 6 per cent public housing, 24 per cent public facilities, 10 per cent commercial, and 4 per cent industrial.

FACTS AND ESTIMATES

So far the private developers have not made much money. The potential profit is there, but they have been unable to tap it.

Rehabilitation has most of the same consequences as redevelopment. People are required to move from their homes either because they cannot afford to rehabilitate them, or because they do not want to rehabilitate them. Relatively large amounts of public subsidy are necessary, and the administration of the program is complex and time-consuming. It seems doubtful that any significant progress will be made in this area.

The constitutionality of the federal urban renewal program is still an open issue, and a strong case can be made that it is not constitutional.

It has never been clearly established that urban renewal is in the public interest. In fact, a strong argument can be made that it is not in the public interest.

Few individuals know any of the consequences of urban renewal. Widespread ignorance of the program and apathy toward it have been interpreted as widespread acceptance. Believing this, the politicians have been quick to accept arguments for urban renewal presented by a few elite groups.

(The preceding facts and estimates indicate that the net results of the federal urban renewal program have been unfavorable.)

Then his final conclusion is:

It is recommended that the federal urban renewal program be repealed now. No new projects should be authorized; the program should be phased out by completing, as soon as possible, all current projects. The federal urban renewal program conceived in 1949 had admirable goals. Unfortunately, it has not and cannot achieve them. Only private enterprise can do so.

That from a man who was a research fellow at Massachusetts Institute of Technology, a great scientific institution, who did his work very well and over a long period of time. I would rather take that judgment than a judgment that has been based, perhaps, on inadequate figures, to show where we are going.

I reaffirm and reassert, Mr. President, that this bill has all the possibilities of a huge boondoggle. And it will grow—I repeat, in the language of the Senator from Rhode Island; he will have his wish, if we do it—it will grow, it will grow, and it will grow.

If we do nothing else, we might defer this matter and ascertain what kind of report we will get from the Committee on Government Operations, and especially from the subcommittee under the distinguished leadership of the Senator from Connecticut [Mr. RIBICOFF].

Here, they pass upon the inadequacy of all the programs, and they are building up an image of a program that, as I evaluate the language, probably will run into the billions and billions every year, for a long time to come.

So this bill is what? It is a toe in the door, and the program will be undertaken without any adequate planning whatsoever.

The distinguished Senator from Texas, who has been most diligent in following this bill, has laid it all on the line in capsule form. The authorizations are for 1968 and 1969. Why not see what kind of planning they do? Why not

first get a little information, and then determine whether or not we should authorize and ultimately appropriate that kind of money?

The Tower amendment ought to be adopted, because it would be folly for the Senate not to do so. I wish to say to Senators that if the Tower amendment is not adopted, the minority leader does not propose to vote for this bill. And I say that advisedly, because in my State is one of the large metropolitan centers of this country, at the north end of the State, along Lake Michigan. I refer to the city of Chicago.

I shall not commit this kind of authority and this kind of money, only to see colossal waste and inadequate results.

Dr. Anderson, a really diligent student, who has applied himself, comes up with the answer that urban renewal ought to be repealed. Let us not, as my colleague said, supplement a failure and make it a double failure.

So that as we vote, let us support the Tower amendment—first, \$12 million for planning, and then let them come back here, hat in hand, and respectfully, to show us precisely what they propose to do under the vague criteria of this bill.

Mr. MUSKIE. Mr. President, I yield myself 5 minutes.

Mr. President, let us understand the nature of the issue before us. It is not urban renewal. A vote for or against the Tower amendment will have absolutely no effect on the current authorization for the urban renewal program.

The opportunity of the Senate to pass on urban renewal is behind us, until the next authorization bill comes before us.

This is not an urban renewal program. What is it? Very simply, it undertakes to do two things. First, it undertakes to coordinate existing Federal grant-in-aid programs so that they can be focused more efficiently and more effectively on the diseased areas of our metropolitan areas and our cities. It undertakes the coordination of existing Federal aid programs. And in those programs we will find all the criteria, all the standards, all the experience, all the planning that has been built into those programs over the years.

Yesterday, I included in the RECORD an analysis of some 49 current grant-in-aid programs that are likely to be included, or are most likely to be included, in the demonstration city programs. So that we have ample criteria and ample standards, well established in the RECORD, for all to read, if what the Senators desire is some indication of standards and criteria.

That is the first thing that the bill does: It coordinates existing grant-in-aid programs and brings them to bear upon the human problems of these diseased areas in our cities.

Urban renewal is involved in the physical reconstruction of our cities. What we are undertaking here is to launch programs to reconstruct the lives of the people who live in these cities.

I have said over and over again in this debate that of course this is an experimental program; but not insofar as its base is concerned, because its base is the

170 Federal grant-in-aid programs that we now have.

The second thing that the bill would do is to provide some additional Federal money. For what? To stimulate local initiative, local imagination, local enterprise, to develop comprehensive plans designed to deal with the disease of these cities, the blighted areas of these cities, the blighted lives of their people.

The initiative must be taken in the cities. It cannot be taken by the President, by the Secretary of HUD, or by any other Federal official. Under this bill, the initiative must be taken at the local level.

The Senator from Texas has spoken about this bill as representing an arrogance of Federal power. All this bill does is to provide Federal resources to enable local initiative to apply itself to the disease.

These additional Federal funds will be generated and will be spent in accordance with comprehensive plans developed at the local level by our cities. In order to develop comprehensive plans, it will be essential that there be brought into the problem, to be applied to it, not only these Federal resources, but also local resources, State resources, the resources of the private sectors.

Mr. President, when we speak about criteria and standards, I hope that we are not talking about evidence of the existence of the disease. There has been ample reference to the disease on the floor of the Senate yesterday and today. We know what the disease is: areas in our cities where people are leading blighted lives, lack of educational opportunity of sufficient quality to really stimulate the inner forces of the young people of those areas. We all know what the disease is. We have at least driven on the outskirts of these diseased areas. We have driven through them, I trust. We know how people live in these areas. We know that out of these areas come unacceptably high crime rates, unacceptably high rates of dropouts from schools, unacceptably high antisocial indexes of human behavior, whatever index may be used.

So, we know what the disease is. We do not have to spell that out statistically in the bill, I trust. We know what the problem is. Whoever says he does not know such a problem exists and does not know what it is, has not been reading the newspapers, has not been watching television, has not been listening to the radio, has not been traveling through our cities, has not watched the American scene.

The problem is evident. It is there for all to see. It is there to be seen by people overseas, who are undertaking to ascertain how effectively we are able to provide opportunity for our people.

The example of American democracy in these areas is an open book for us and for everyone. What is the quarrel? The quarrel is, first of all, that we are seeking to spend too much money. How much money, Mr. President? How much money is involved in this Tower amendment? There is involved \$900 million. That would be a big sum in my bank account, but we are talking about \$900 million out of a gross national product of \$730 billion, and is that too much?

The minority views of this committee which were signed, among others, by the distinguished Senator from Texas [Mr. Tower], the distinguished Senator from South Carolina [Mr. Thurmond] and the distinguished Senator from Iowa [Mr. Hickenlooper] said that we should not spend \$900 million for this program because our economy is in high gear and we would feed the fires of inflation.

A week ago today on the floor of the Senate there was another \$900 million program brought up to add to the transportation and housing bills that that committee had reported. The amount involved was \$900 million; coincidentally, the same amount which is involved in the pending bill. Senators on the other side of the aisle, including the 3 Senators whose names I have mentioned voted 24 to 1 to add that \$900 million. That did not add to the fires of inflation. That was not inflationary.

We all recognize the housing program. I have supported programs for college housing. But the argument here is that \$900 million is all right to spend, and \$300 million of it would have been spent in this fiscal year. But this \$900 million to deal with the most explosive domestic issue on the American scene today is too much to spend; and only \$12 million of that would be spent under this bill in fiscal 1967.

There was a lot of talk last Friday about a proper order of priorities. There has been a lot of talk today about priorities. There have been many programs that we have talked about in connection with priorities other than college housing and demonstration cities. The priorities have been highlighted by these situations. In connection with this argument, which was made persistently yesterday and today, as far as my list of priorities is concerned, the explosive problem of these diseased cities is No. 1 on the list of domestic problems in this country.

I come from a small State. Only a dribble from this program can seep into my State. We do not have disease. But that disease, wherever it exists is a disease which should be of concern to everyone, including the fishermen, the trapper, or the farmer in the relatively peaceful and beautiful State of Maine. This is the problem.

I am for this bill. I agreed to floor manage it, not because there is any pressure in my State and not because the problems exist in my State, but because as an American and I do not think we can afford, as a country, to avoid taking this small step forward to make this country one, toward making it whole, and toward making it healthy. The amendment would cut the demonstration cities program. If the amendment were adopted we would have to begin all over at some time in the future to prove the case again, and the problem will not wait for that time.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield to the Senator from Louisiana.

Mr. ELLENDER. Mr. President, I wish to say that I am very much in sympathy with the bill.

The PRESIDING OFFICER (Mr.

MONDALE in the chair). How much time does the Senator request?

Mr. ELLENDER. Mr. President, I only wish to ask a question.

Mr. MUSKIE. Mr. President, I yield myself such time as I need.

Mr. ELLENDER. I wish to compliment my good friend, the distinguished Senator from Maine [Mr. MUSKIE], for the excellent speech which he has just made.

Would the bill earmark any of these funds, other than the \$12 million, for any particular category of aid, such as housing, transportation, or things of that nature?

Mr. MUSKIE. The supplemental will not be earmarked with respect to any particular program.

Mr. ELLENDER. Does the Senator feel that we should exclude mass transportation from this item? It has been already provided for separately. I can well see that there may be a necessity for more action in the housing field but I would hate to see additional funds taken from this authorization to construct mass transportation systems, when other more important areas are in much greater need.

Mr. MUSKIE. It is difficult to envision what any particular State may have in mind, when the Senator uses the words "mass transportation." There is no doubt that in some of these areas inadequate access between homes and jobs, the heavy cost of traveling between homes and jobs, is a part of the unrest.

In the case of the Watts example this is a significant problem for the people. People live in an area that looks fairly decent, but it costs so much to move from their homes to available jobs, particularly for low-skilled or unskilled groups, that employment opportunities are quite few.

The bill is not intended to supplement the mass transportation in the sense that these funds could be added by the Secretary for that authorization, to be appropriated in Washington in the mass transportation program. But I would not want to exclude from the bill the possibility of doing something, and this is within the initiative of local authority to do something to deal with the kind of transportation problem which I just outlined. I do not think that the mass transportation which is now on the books could be brought to bear in the kind of situation which I just described in Watts. I think that is a different kind of problem.

Mr. ELLENDER. Mr. President, the purpose of my questions to the floor leader about the use of the funds under the bill is to obtain assurances on how this money is to be used.

I have supported housing programs over the years in the interest of providing better housing for the people. I would not want to see the benefits of this bill wasted on programs already provided under other laws. For example, earlier this week the Senate voted large sums of money for urban transit, and I would not want to see this program be a duplication of that program.

In my mind, the biggest need in these cities is better housing, and I hope that we can get some assurances this is how

the majority of funds under this bill will be spent.

Mr. MUSKIE. I agree with the senior Senator from Louisiana that one of the greatest needs in our cities is better housing. Of course, there are many other needs that this bill would be directed to help solve. I would not want to foreclose the use of these funds for transportation, but I cannot imagine that any more than a small amount of funds would be used for this purpose.

Mr. ELLENDER. Here the Senator is coordinating all of these programs?

Mr. MUSKIE. We are coordinating the programs.

Mr. ELLENDER. Exactly, and the manager of the bill indicated that some small part of these funds might come to be used for mass transportation. But it seems to me that if we could exclude the category of mass transportation, as we understand it, and limit this bill to an attempt to cure the housing and social evils within the cities, I believe quite a job could be done under this legislation. In my view, that is the course which should be followed.

Mr. MUSKIE. I wish to give the Senator one other point. The Senator is concerned with our so-called supplemental funds that would be provided under the bill. The bill says clearly that the supplemental funds shall be used to initiate any programs, any services as needed in these areas, and they shall be used only in the current program. They can be used to help communities pick up their share under the current program. The emphasis in the bill is on the new program, bringing together new ideas to apply. Housing is, of course, very necessary under the objectives of the bill.

Although I understand the concern of the Senator, I believe that the amount that would be diverted into the programs that are currently on the books would be minimal in the field of transportation.

Mr. YOUNG of North Dakota. I have a great deal of sympathy for the objectives of this program. I am sorry that I did not get an opportunity to listen to all of the discussion. Let me ask the Senator, how would these funds be spent?

Would they be matched by the local interests, city and State?

Mr. MUSKIE. What is involved, first of all, is the current grant-in-aid program which would be brought to bear. Without making use of the current grant-in-aid programs, there would be no supplemental funds generated under the bill. Under the current grant-in-aid programs, there are requirements for the local raising of funds, as the Senator knows. These vary from 70 percent down to 20 percent. The formula that the bill includes for generating supplemental funds is this: To the extent that Federal grant-in-aid programs are used currently, the bill would authorize the expenditure of 80 percent Federal money, and 80 percent of the non-Federal contributions under the current program, so that 20 percent of the local contributions would still be a requirement.

In addition, and this might be helpful to the Senator, and to the Senate as a whole: I hold in my hand an analysis of what the department expects on the basis of its own projections may be reasonable programs of spending, not only by the Federal Government but also by State and local governments and by the private sector in this field.

The total spending projected, assuming the \$900 million authorization under the bill of Federal funds, would be \$5.592 billion. Of that amount, Federal funds would include the following: The Federal share of the grant-in-aid program used, \$1.979 billion. That is, under current authorization under current programs. Supplemental grants under this bill—according to this analysis would be \$881 million of the \$900 million authorization—that is, total Federal expenditures of \$2.860 billion.

State and local funds, the local share, the grant-in-aid programs, would be \$1.04 billion, plus municipal expenditures under existing municipal programs of \$612 million. State expenditures for demonstration programs, \$79.8 million. Total State and local expenditures, \$1.736 billion. Private social expenditures, housing and construction and rehabilitation, and nonresidential construction

and rehabilitation, \$995 million. This anticipates spending by the Federal level, State and local levels, and the private sector.

Mr. President, I ask unanimous consent to have the table, together with supporting data, printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SOURCES OF FUNDS FOR EXPENDITURES FOR CITY DEMONSTRATION PROGRAM

The \$5,592.2 in total expenditures for the demonstration program would come from Federal, State and local, and private funds in the following amounts:

[In millions]

Federal funds:	
Federal share of grant-in-aid programs	\$1,979.4
Supplemental grants under demonstration cities bill	881.4
Total Federal expenditures	2,860.8
State and local funds:	
Local share of grant-in-aid programs	¹ 1,044.2
Increased municipal expenditures under existing municipal programs	612.0
State expenditures for demonstration programs	79.8
Total State and local expenditures	1,736.0
Private social expenditures, housing construction and rehabilitation, and nonresidential construction rehabilitation	
	995.4
Total of all expenditures	5,592.2

¹ Actual amount of local dollars contributed to grant-in-aid programs is \$57.6 million less than the \$1,101.8 million amount on the basis of which the supplemental grant is computed. The difference occurs because that amount of supplemental grant funds provided by the demonstration cities bill would be used and credited as part of the non-Federal contribution to projects or activities which are a part of the approved comprehensive city demonstration program and assisted under a Federal grant-in-aid program.

The following table is illustrative of a possible pattern of expenditures for the city demonstration program over a 2-year period:

Estimated expenditures for a city demonstration program

[In millions of dollars]

	1-year expenditures	2-year expenditures	2-year funding of activities using specially authorized funds		
			Supplemental grant funds	Special urban renewal funds	Regular program funds
A. Expenditure program component:					
1. Federally assisted (grant-in-aid program) activities:					
(a) Capital improvements, demonstration area	851.8	1,703.6	1 207.0	250.0	1,246.6
(b) Public and social services, demonstration area	692.4	1,384.8	245.2		1,139.6
(c) Other capital improvements, demonstration program connected	223.7	447.4			
Subtotal	1,767.9	3,535.8			
2. Municipal and State public expenditures (unrelated to Federal assistance programs):					
(a) New and supplemental municipal service	184.6	369.2	369.2		
(b) Existing municipal expenditures	306.0	612.0			
(c) State expenditures (within city)	39.9	79.8			
Subtotal	530.5	1,061.0			
3. Private sector:					
(a) Private nonprofit organizations	133.2	266.4	1 60.0		206.4
(b) Private housing construction and rehabilitation	211.5	423.0			
(c) Private nonresidential construction and rehabilitation	153.0	306.0			
Subtotal	497.7	995.4			
Total	2,796.1	5,592.2			

Footnotes at end of table.

Estimated expenditures for a city demonstration program—Continued

[In millions of dollars]

	1-year expenditures	2-year expenditures	2-year funding of activities using specially authorized funds			
			Supplemental grant funds	Special renewal	urban funds	Regular program funds
B. Derivation of supplemental grant entitlement (non-Federal share):						
Capital improvements in demonstration area.....	262.4	524.8				
Other capital improvements, demonstration program connected.....	73.0	146.0				
Public and social services in demonstration area.....	215.5	431.0				
Total.....	550.9	1,101.8				
80 percent of total.....	440.7	881.4				
C. Use of supplemental grants (in demonstration area):						
1. Urban rehabilitation and capital improvements.....	133.5	267.0				
2. Payment of portion of non-Federal share under categorical Federal grant-in-aid programs for public and social services.....	122.6	245.2				
3. New and supplemental municipal services.....	184.6	369.2				
Subtotal.....	440.7	881.4				
D. Federal share under categorical aid programs.....	989.7	1,979.4				
E. Total Federal expenditures.....	1,430.4	2,860.8				

¹ \$207,000,000 plus \$60,000,000 shown in this column account for \$267,000,000 of supplemental grant funds shown in line C1 of the table.

² Would include about \$60,000,000 of supplemental grant funds "which may also be used and credited as part or all of the required non-Federal contribution to projects or activities, assisted under a Federal grant-in-aid program, which are part of an ap-

proved comprehensive city demonstration program" in accordance with sec. 105(d) of S. 3708.

³ Could be used in connection with either federally assisted grant program capital improvements or with such activities undertaken by private nonprofit organizations as part of an approved demonstration program.

NOTES

Sec. A illustrates the types of activities and related expenditures that would be in approved demonstration programs, including federally assisted, State, local, and private activities.

Sec. B illustrates the derivation of 80-percent demonstration grants for the illustrative type of program.

Sec. C shows how the demonstration grant funds might be used.

Sec. D shows the Federal share of categorical aid programs.

Sec. E is the total Federal expenditure, consisting of the 80-percent grants plus the Federal share under categorical aid programs.

Mr. JAVITS. Mr. President, will the Senator from Maine yield?

Mr. MUSKIE. I yield to the Senator from New York.

Mr. JAVITS. I appreciate the eloquence of the Senator from Maine. I think the case could be allowed to rest exactly as he left it. I propose to do exactly that. I rise only because I was the sponsor of the amendment with relation to college housing.

I respectfully submit to all Senators that this Government can do what justice demands. Whatever the demands are, this Government can do. We certainly demonstrated that by appropriating almost \$60 billion for defense the other day with a unanimous vote of the Senate. We certainly showed that we intend to do what justice demands we should do.

However, let me say to all Senators, in connection with my vote on the demonstration cities bill, that perhaps I am one of the very few men in this Chamber who is, really, thoroughly and right down to the ground a product of the big city from the poverty level up, where this problem festers. This is where I was born. This is what I know. I speak as a witness from personal experience. The cities are strangling. They are in the gravest danger. It is wonderful to me that a barefoot boy from Maine could say it as eloquently as he has. He sounds as though he has done what I have done. Let me assure him that it is breaking through to the consciousness of the Federal Establishment. This bill is one of the indications of that breakthrough. A new day is dawning in our country. That is what we are signaling in a relatively modest way. It is so serious that the Attorney General can say to us that the danger of riots and violence exists in every one of the 40 cities which he is now looking into. It seems to me that,

on that basis, our line of action as intelligent men is currently indicated.

The Senator's amendment would gut the bill. I hope very much that it will be defeated.

Mr. TOWER. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. TOWER. Mr. President, I think it should be made adequately clear, in accepting my amendment, that we will not be turning our backs on the cities. We are already doing a great many things for people in the urban areas and I anticipate that we will be doing more in the future.

My amendment would not gut the bill. The program remains. The money for planning remains.

I am merely trying to enable Congress to come back next year and look at those plans so that it will not be taking shots in the dark to authorize an appropriation for 1968 and 1969.

Mr. President, I yield back the remainder of my time.

Mr. MUSKIE. I have no time to yield back.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas.

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Maryland [Mr. BREWSTER], the Senator from North Dakota [Mr. BURDICK], the Senator from Mississippi [Mr. EASTLAND], the Senator from Arizona [Mr. HAYDEN], the Senator from Alabama [Mr. HILL], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Wyoming [Mr. MCGEE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from West Virginia

[Mr. RANDOLPH], the Senator from Florida [Mr. SMATHERS], the Senator from Alabama [Mr. SPARKMAN], and the Senator from Georgia [Mr. TALMADGE] are necessarily absent.

I also announce that the Senator from Tennessee [Mr. BASS] is absent on official business.

I further announce that, if present and voting, the Senator from Alaska [Mr. BARTLETT], the Senator from Tennessee [Mr. BASS], the Senator from North Dakota [Mr. BURDICK], the Senator from Wyoming [Mr. MCGEE], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from West Virginia [Mr. RANDOLPH] would each vote "nay."

On this vote, the Senator from Maryland [Mr. BREWSTER] is paired with the Senator from Mississippi [Mr. EASTLAND]. If present and voting, the Senator from Maryland would vote "nay," and the Senator from Mississippi would vote "yea."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT] and the Senator from California [Mr. MURPHY] are absent because of illness.

The Senator from Michigan [Mr. GRIFFIN], the Senator from Iowa [Mr. MILLER], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from Pennsylvania [Mr. SCOTT] are necessarily absent.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from Iowa [Mr. MILLER], the Senator from California [Mr. MURPHY], and the Senator from Massachusetts [Mr. SALTONSTALL] would each vote "yea."

On this vote, the Senator from Michigan [Mr. GRIFFIN] is paired with the Senator from Pennsylvania [Mr. SCOTT]. If present and voting, the Senator from Michigan would vote "yea," and the Senator from Pennsylvania would vote "nay."

The result was announced—yeas 27, nays 53, as follows:

[No. 215 Leg.]

YEAS—27

Boggs	Fong	Pearson
Byrd, Va.	Hickenlooper	Robertson
Byrd, W. Va.	Holland	Russell, S.C.
Cotton	Hruska	Russell, Ga.
Curtis	Jordan, N.C.	Simpson
Dirksen	Jordan, Idaho	Stennis
Dominick	McClellan	Thurmond
Ervin	Morton	Tower
Fannin	Mundt	Williams, Del.

NAYS—53

Alken	Hart	Montoya
Allott	Hartke	Morse
Anderson	Inouye	Moss
Bayh	Jackson	Muskie
Bible	Javits	Nelson
Cannon	Kennedy, Mass.	Pastore
Carlson	Kennedy, N.Y.	Pell
Case	Kuchel	Prouty
Church	Lausche	Proxmire
Clark	Long, Mo.	Ribicoff
Cooper	Long, La.	Smith
Dodd	Magnuson	Symington
Douglas	Mansfield	Tydings
Ellender	McGovern	Williams, N.J.
Fulbright	McIntyre	Yarborough
Gore	Metcalf	Young, N. Dak.
Gruening	Mondale	Young, Ohio
Harris	Monroney	

NOT VOTING—20

Bartlett	Hayden	Randolph
Bass	Hill	Saltonstall
Bennett	McCarthy	Scott
Brewster	McGee	Smathers
Burdick	Miller	Sparkman
Eastland	Murphy	Talmadge
Griffin	Neuberger	

So Mr. TOWER's amendment (No. 746) was rejected.

Mr. MUSKIE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. PASTORE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

LEGISLATIVE BRANCH APPROPRIATION BILL, 1967—CONFERENCE REPORT

Mr. MONRONEY. Mr. President—

The VICE PRESIDENT. The Senator from Oklahoma.

Mr. MONRONEY. Mr. President, as I understand it, there is a 30-minute limitation agreement on the adoption of the legislative appropriation conference report.

The VICE PRESIDENT. There is a unanimous-consent agreement to grant 15 minutes to the Senator from Delaware [Mr. WILLIAMS] and 15 minutes to the Senator from Oklahoma [Mr. MONRONEY].

Mr. MONRONEY. Mr. President, I yield myself 5 minutes.

Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15456) making appropriations for the legislative branch for the fiscal year ending June 30, 1967, and for other purposes. I ask unanimous consent for the present consideration of the report.

The VICE PRESIDENT. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of August 15, 1966, CONGRESSIONAL RECORD, pp. 18442, 18443.)

The VICE PRESIDENT. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

The VICE PRESIDENT. How much time does the Senator yield to himself?

Mr. MONRONEY. Five minutes.

Mr. President, the conference report is printed as House Report No. 1852 and the details are available within the report. In addition, later on I expect to ask unanimous consent to insert in the RECORD a table which will give all of the detailed figures of each item in the bill.

The conference agreement totals \$214,463,913, and this is \$285,850 under the budget estimates considered by the Senate.

Since the conference report itself goes into detail on the items, I will confine my remarks to a few of the more important controversial items in the bill.

WEST FRONT EXTENSION

The conference committee on this bill agreed that funds for the proposed construction of the west front extension of the Capitol should not be considered further during this session of the Congress. You will recall that the Architect of the Capitol had advised our subcommittee that an appropriation for rebuilding and extending the west front would be sought later on this year in a supplemental appropriation measure. The effect of our action will allow the Architect to continue preliminary design planning for the extension.

I believe that this is a reasonable compromise that will enable both advocates and opponents of the proposed major addition to the west front to participate in whatever decision Congress eventually will make in this matter. We recognize the need for restoring and strengthening the west front, but we felt very strongly that the matter should not be considered along with other urgent supplemental appropriations during the closing days of the session.

The action of the conference committee will permit the Architect to go ahead with design planning and to complete a model of scheme 2, which was approved by the Commission for the Extension of the Capitol. The funds for this model were appropriated to the Architect last year in a supplemental appropriation bill. This action in no way endorses or rejects the Architect's course of action up to this point, but it assures Members of both Houses a further opportunity to vote on the matter during a future Congress.

It is sincerely hoped by most of the conferees that an opportunity will be given for taking extensive testimony on the condition of the west front foundations, and for consideration of the ultimate cost of rebuilding the west front on the present foundation lines, as compared with the proposed extension, which would take in a great deal more area.

STATIONERY ALLOWANCES

Amendments Nos. 27 and 34 relate to the stationery allowances of the Senate and the House of Representatives.

Senators will recall that the Senate adopted these two amendments, which were considered en bloc, as a joint amendment, prohibiting stationery commutation payments in the future.

Mr. LAUSCHE. Mr. President, will the Senator yield? I wish to ask a question concerning the first item.

Mr. MONRONEY. Will the Senator wait until I complete my prepared statement? Then I shall be happy to yield.

There is no question in the minds of the Senate conferees that the House objected to amendment No. 34, which rewrote the law with respect to House stationery allowances. The Senate conferees receded from this amendment. The Senate conferees also receded from amendment No. 27, which proposed the same restrictive language for the Senate stationery account.

The Subcommittee on Legislative Appropriations in considering the bill this year wrote a provision prohibiting commutation payment in the future and applied the restrictive language to the Senate only. The full Senate Appropriations Committee felt that it was undesirable to rewrite the stationery allowances for the Senate only and the full committee deleted the provision. On the floor on July 28, 1966, a joint amendment rewriting the legislation with respect to stationery allowances for the House and Senate was adopted.

One of the great difficulties in this matter is that historically the Senate has legislated on many housekeeping matters in the legislative appropriation bill, whereas housekeeping matters in the House of Representatives are handled in an entirely different manner.

Rule XI of the House of Representatives on the powers and duties of committees, in section 679 makes it clear that the House Committee on Appropriations has jurisdiction over "appropriation of the revenue for the support of the Government." A footnote to the section states:

While this committee has authority to report appropriations, the power to report legislation relating thereto belongs to other committees.

Section 693 of the same rules provides that the Committee on House Administration shall have jurisdiction over "measures relating to accounts of the House generally" and "expenditure of contingent fund of the House."

In those instances where the Senate legislates on administrative matters of the Senate and the House in an appropriation bill, the House conferees have no jurisdiction in the matter. It is an amendment which should be considered by the House Administration Committee or representatives from that committee.

Personally, I am in sympathy with the desire to eliminate stationery commutation payments. However, if it is the desire of the Congress that the existing law should be changed, it should be done in a bill which would be considered in the Senate by the Committee on Rules and Administration and it would be considered in the House by the House Committee on Administration. It is not a

matter which should be considered in an appropriation bill.

I am happy to yield briefly to my distinguished friend, the Senator from Ohio.

The PRESIDING OFFICER (Mr. MONDALE). The Senator's 5 minutes have expired.

Mr. MONRONEY. I yield myself 2 additional minutes.

Mr. LAUSCHE. I understood the Senator to say that if the conference report is approved, the Architect will be permitted to proceed with planning. Will the Senator please explain what the term "planning" embraces, and how far he will be permitted to go?

Mr. MONRONEY. In a bill last year, we allowed some \$300,000 for preliminary planning, of which he has spent all but some \$40,000. This \$40,000 is available for expenses in connection with the preliminary planning. Some of these funds would still be available, but for preliminary planning only.

Most of the remainder, or a part of it, will be spent for building a mockup or small model, to show in that style the way the building would look if scheme No. 2, which is advocated by the Capitol Extension Commission, should be constructed.

But there will be no money in this bill whatsoever for construction of any kind.

Mr. LAUSCHE. He will be permitted to proceed only to the extent that was originally contemplated when the \$300,000 was allocated?

Mr. MONRONEY. That is correct. He has no money to go forward even with detailed design. It is for preliminary planning only; and no construction funds whatever are included in the bill.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. WILLIAMS of Delaware. Mr. President, I regret very much that the conferees did not insist on amendments 27 and 34, the purpose of which was to require that any portion of a stationery allowance which was not used by any Member of Congress, in the House or in the Senate, should automatically revert to the Treasury. Under the existing procedure, at the end of the fiscal year any unused balance can be claimed by the Member and used to defray his personal expenses. I think that is wrong.

The Senate voted to correct the situation. I realized and acknowledged at the time that this was legislation on an appropriation bill, but there have been plenty of precedents for it. There were four other pieces of legislation in this same appropriation bill. Only earlier this week the Senator from Georgia very properly added a legislative proposal to the armed services appropriation bill, dealing with the Reserves. I supported it. We have often legislated, to a certain extent, on appropriation bills, and it can be done.

The question here is very simple. Do the Members of Congress wish to continue the practice whereby any unused portion of our stationery allowance—an allowance which is provided specifically for the purpose of defraying the legitimate costs of operating our offices—may be put in our pockets?

I think the Senate has been under enough criticism in the past for some of our practices. We did not emerge with our image enhanced as a result of the reluctant investigations of the Rules Committee of a year ago, and we are under a certain amount of criticism again in connection with an investigation which is currently being conducted by the Ethics Committee concerning the handling of campaign funds.

I think the very least the Senate could do here would be to go on record that we want no part of any unused allowances for our offices to put in our own pockets. The only way we can approach the matter is to reject the conference report, and then a motion can be made to instruct the conferees to go back and insist upon this amendment.

Under the rules of the Senate this is the manner by which this objective can be obtained.

This same question has been before the Senate many times. As the Senator from Oklahoma pointed out, the first proposal was to limit the amendment to the Senate only, confining the restriction to the Senate on the basis that there may be some argument as to what we should or should not tell the House to do. Another argument was advanced that both Houses should have the same rules to follow.

Personally, I think the Members of the House of Representatives should be under the same restrictions.

This is not a matter which concerns only the Members of Congress individually. The American taxpayers, 190 million people, have a stake in what we do here. It is their money that is being spent, and they have a right to an accounting.

The stationery allowances is allowed for the expressed purpose of defraying the cost of operation of our offices. Under what line of reasoning does any Member of either the House or the Senate have any right to put any part of the unused balance of any allowance in his pocket? All the other allowances for our offices are so restricted that they must be used for the expressed purpose for which they are authorized. Our telephone allowance and our Western Union allowance, for example, revert automatically to the Federal Treasury unless they are expended on official telephone calls or official telegrams. Why not?

Members do not get their hands on that money, and this is the way it should be.

All that this amendment provided, if it were retained, was that at the end of the fiscal year any part of the unused stationery allowance—whether it be \$1, \$1,000, or whatever amount it might be—that remained unexpended would automatically revert to the Treasury.

A couple of years ago Congress amended the Internal Revenue Code to provide for a greater restriction on the use of expense allowances by American industry. We required an itemized accounting by every individual who claims his expenses as a cost of doing business.

Congress passed that provision. Why do we not live up to the same rules ourselves? Why do we insist that we should not have to render an accounting for our

unused stationery allowance or that any Member should have the right to put in his pockets anything that is left over?

That is the sole issue before us here today. There is no need to debate it further; every Senator knows what is involved. The only way we can retain this amendment is to reject the conference report. If the conference report is rejected, I will then make a motion to send the conferees back with instructions to insist upon the Senate amendments.

Mr. PASTORE. Mr. President, does the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. PASTORE. Mr. President, I realize that the proposition of the Senator from Delaware has considerable merit. However, the contention was made here that under the strict interpretation of the stationery account, it would not include certain of the expenses which many Senators feel are in line with their official duties. They are not personal expenses for the benefit of the individual as much as they are necessary expenses to carry out the functions and duty of a Senator.

I suggest to the Senator that he draw up an appropriate amendment that would take this all into account. The amendment can then be submitted to the Committee on Rules and Administration. Let us have this done in orderly fashion—as a clarification and not an accusation.

The Senator knows that no Senator wants to steal anything that does not belong to him. There is not a Senator who wants to take advantage of his position.

The point has been raised that sometimes other items have to be subscribed to, such as the purchase of newspapers from a Senator's State, and others which are considered legitimate expenses incurred because the man happens to be a U.S. Senator.

We should take that into account, rather than having this develop into the suggestion of a sort of scandalous atmosphere. Why do we not act like reasonable people and draw up whatever amendment that needs to be drawn up? We can then hold a few hearings and get the matter cured.

In principle, I agree with the Senator. I do not want a nickel that does not belong to me. I do not think any other Senator does. However, it is a question of acting in the right way or the wrong way. The Senator from Delaware is presenting this by saying: "You are putting in your pocket money that doesn't belong to you."

Nobody is doing that. It appears that, from the very beginning, the stationery account has been misinterpreted and misunderstood. There are said to be certain deviations that have taken place only because of varying circumstances. If so they ought to be corrected and remedied.

I agree in this with the Senator from Delaware. However, let us not put ourselves in the position of saying that the vote we take today proves that we have been doing something legitimate or that our practices are illegitimate.

I think the Senator will agree with that.

Mr. WILLIAMS of Delaware. Mr. President, I yield myself 2 additional minutes.

adult education bill and the Javits-Hartke bill to extend the 7 percent investment tax credit to cover investment in job retraining; third, enact legislation to provide needed funds for the home-building industry;

Fourth. Reverse the tight money and high interest rate policy of the Federal Reserve Board.

■

Uncertainty is striking at the heart of our domestic prosperity. Uncertainty is striking, as well, at the free world's financial and economic stability. Will the U.S. payments deficit be ended? Will the British pound be devalued? Will the international monetary reform be achieved? Not only the answers to these questions are unknown: the impact of the correct answers can barely be gaged.

One thing is sure. The confidence and cooperation which any system of credit and exchange must enjoy in order to function no longer exist. Political self-interest and economic insolationism are back in the driver's seat. We have committed ourselves to turning off the flow of private investment dollars which the free world—Western Europe as well as the developing nations—requires to hold its own economically, let alone to grow and prosper. And all too many of the beneficiaries of that dollar flow which continues have used the dollars they gain not for the productive purposes which only dollars can perform, but in order to buy gold.

The world which would exist in the absence of any U.S. action affecting our balance of payments would be bad enough. It would be a world—as the real one is—in which French economic and financial nationalism was running rampant: in which Britain was undergoing a chronic crisis of stagnation and obsolescence; in which central bankers around the world sacrificed prosperity and growth on the altar of tight money and deflation. These aspects of the world in which we live would exist even if the United States had remained totally passive.

But the United States has not remained passive. Our Government has instituted a series of statutory and voluntary restrictions which have closed New York to foreign borrowers, reduced U.S. direct investment in needy economics, and created a worldwide dollar drought. Our Government has escalated its dollar flow to Vietnam and thereby guaranteed that even the favorable political and psychological impact of the sharp cutback in the needed outflow of private dollars would be lost—as our overall balance of payments remains in substantial deficit. And our Government has touched off and acquiesced in an explosion upward of domestic interest rates which has fed the flames of the international interest rate war.

Our Government has put the cart before the horse. Its priorities have been stood upside down. The purposes of any financial and monetary system—domestic or international—is to facilitate the flow of goods and capital in order that jobs may be created, that income may rise, and that prosperity may prevail. But today we see our great British ally

deliberately sacrificing domestic jobs, income, and prosperity in order to maintain the system. We see the second largest economy in the free world, West Germany, teetering on the brink of recession due to deliberate monetary restriction in the name of balance of payments stability. And we see our own authorities and would-be experts calling out for even greater restrictions than those we suffer already in order "to put our house in order." An international monetary system which demands deliberate recession, which requires unemployment, which lives off tight money—this is a system not worth maintaining.

We have tied our economic well-being to the supply and value of one commodity—gold. Only the Communist addiction to the most primitive form of trade—barter—puts greater shackles on a nation's economy.

This kind of performance, nevertheless, by the free world's economic system is what gives the Communists, with their primitive barter trade, hope for ultimate victory. In the 1930's, the great depression opened the way for totalitarian advance by both Fascists and Communists, when it demonstrated the bankruptcy of the old capitalist system. We must not give the Communists another chance. We must demonstrate that progressive free enterprise coordinated with enlightened government can provide the jobs, can raise the living standards, can promote the social progress which men everywhere demand. The present international monetary system—when it requires unemployment when it reduces living standards, when it hinders or reverses social progress—serves the Communist cause.

The heart of an alternative strategy for putting our international house in order is the proper ordering of our priorities. Sound, noninflationary growth of trade, of jobs, of income on a worldwide scale—this must be the overriding priority.

In the absence of worldwide consensus, with the continued existence in power of men with cruel, archaic ideas of social justice, one nation must stand up and lead. One nation must take responsibility for the enforcement of a priority which has the heartfelt support of ordinary men and women the world over. President Franklin D. Roosevelt did not shrink from leadership and responsibility when he called the Bretton Woods Conference in 1944 and made clear to the world that the United States would work actively, and solely, for a postwar world of expansive international economic cooperation. President John F. Kennedy did not shrink from leadership and responsibility when he called for the Punta del Este Conference in 1961 and made clear to the hemisphere that social justice and economic progress go hand in hand and are jointly America's No. 1 priority. Now it is the turn of President Lyndon B. Johnson to accept once more America's unique responsibility to lead the world in the path of cooperation, progress and freedom. I call upon the President to convene a new Bretton Woods Conference for this generation, to translate the

Alliance for Progress into every language which freemen speak.

In 1933, the London Economic Conference was called after economic disaster had already produced political chaos—the result was a tragic fiasco. We must make sure that this time the Conference comes before an international crack-up makes international cooperation impossible.

Let those who share our ideals and our vision join with us in this great work. And let those who cling to selfish interests and who adhere to dismal disciplines go their own way.

Because for today and for the foreseeable future the maintenance of worldwide prosperity will require dollars, a vital step toward this objective is the re-opening of the unprecedented resources and unique facilities of the New York money and capital markets to foreigners. And that is not all. The world needs American technology and expertise and management as much as it needs dollars.

Direct private investment by American corporations provides all four key components of progress—and pays a cash dividend to America as well. In 1963, a Commerce Department study indicated that U.S. overseas investments totaled some \$65 billion; and in that year the direct dollar return flow on those investments was \$5 billion. Indirectly, the flow of U.S. direct investments generates U.S. export sales to American subsidiaries and provides the hard dollars needed to purchase even more U.S. exports. The restraints our government has placed on both direct portfolio investments overseas means restraint on the dollar return on those investments not just in 1966, but in 1970 and 1975, as well. Reversal of this policy, elimination of the "voluntary" restraints on U.S. foreign investment and repeal of the Interest Equalization Tax are the first steps required for a return to free world financial equilibrium.

Second, Mr. President, we must move to deal with the specific international impact of Vietnam, just as we must move to deal with its domestic impact. The outflow of dollars to Vietnam has more than offset the short-term savings garnered by the restrictions on productive capital outflows. We must put all dollar operations relating to Vietnam on a wartime basis. This means more than paying our soldiers with scrip as we are finally now doing. It means using blocked accounts and policing black currency markets. It means all the techniques learned with such difficulty but with such success during World War II and Korea for guaranteeing that dollar expenditures on war serve ourselves and our few allies alone. If this means admitting that we are fighting a war, then let us admit it. But let us stop this running sore of dollars which flows into Vietnam, through the hands of speculators and black marketeers, and wind up—as the evidence indicates—either in the hands of our foes to be used to subvert and support subversion or, no better, into the hands of the French to be used to purchase gold.

Third, Mr. President, we must recognize the significance on the international side of a fundamental reorientation of our farm policy. As I have already said, it is ever more apparent that the world is moving from a long-term period of farm surplus to a long-term period of farm scarcity. Our unmatched ability to produce and sell farm produce is moving from being a source of embarrassment to becoming a source of tremendous economic and strategic power. Policies which were created to dispose of surpluses must be traded in for policies aimed at export for cash and commercial credit. Certainly our humanitarian policy of feeding those threatened with famine must be maintained. But food giveaways to money-good customers must disappear with the surpluses. The payoff in terms of increased hard currency export earnings will be incalculable. Also incalculable will be the impetus given to higher living standard and incomes on our Nation's farms. Not only will this policy reverse the deterioration of our international trade surplus, it will return to our farmers and to all of us the benefits which were earned when—100 years ago—America's ability to produce and export farm goods first brought us world recognition.

This alone is not enough. Not only must the United States resume its role of banker and investor to the world, not only must we guard against artificial, wartime dollar outflows, not only must we revolutionize our farm program to multiply the cash return, but direct steps must be taken as well to reinforce the second great pillar of international equilibrium—that the dollars which the United States supplies to the world will be used productively. Already our Government has worked out a constructive agreement with the Canadian Government to permit Canadian borrowing in New York up to the point at which excess dollars begin to accumulate in the Canadian reserves. But working out bilateral agreements of this sort, useful as they may be, is a long and arduous process. At its command our Government has a weapon to make absolutely clear to the world—including the French—what the result will be of continued gold purchases.

The U.S. Government, alone among nations, stands ready to sell or buy gold at a fixed price: \$35 per ounce. Our promise to sell gold for dollars to all official purchasers fixes the value of the dollar against which value all other free world currencies are fixed. But our promise to buy gold serves only to guarantee all gold buyers—both the speculators and the politically motivated—against loss. By our promise to sell gold we underwrite the current international value of the dollar. By our promise to buy gold, however, we merely underwrite the current value of gold—and thereby underwrite the destructive activities of those who would garner windfall profits from currency distress and, far worse, for those who would destroy the entire delicate system of international monetary relations for petty political purposes.

This is why, Mr. President, I join today with such distinguished and experi-

enced monetary and economic observers as Mr. Donald Cook, president of the American Electric Power Corp., in calling for urgent Government action to remove the artificial floor under the price of gold. U.S. withdrawal of its promise to buy gold will make clear to all the world where responsibility lies for the piecemeal destruction of monetary stability. And it will make clear to the gold buyers our determination to play our unique and necessary role in the furtherance of world prosperity—regardless of their archaic fascination with that mystic commodity. For play this role we must, if the world is to prosper. And if the result of the continued purchases by the singleminded goldbugs is to drain every last ounce of gold out of Fort Knox—then all that will happen is that, at last, the fogs of superstition will be lifted and the real basis of the dollar's unprecedented strength will emerge.

The reason the dollar stands alone as the world's greatest trading currency and investment currency and reserve currency is due not to the size of our gold supply or to the terms of any treaty. It is due to the strength of the American economy, to our ability to outproduce every other nation in the world, to our vast supply of savings available for productive long-term investment, and to a uniquely American level of productivity and technological advance with which we can outsell anyone else in everything from microelectronics to winter wheat. If the French or anyone else wants to face a dollar valued on the basis of competitive cost of production of American goods, then I say let them. But for any nation which makes clear its desire to cooperate and coordinate financial and commercial relations, we must make it equally clear that we stand ready to provide dollars and to sell exports and to purchase imports on a free and equitable basis—regardless of how we must deal with those who isolate themselves by their monetary irresponsibility.

This is my alternative strategy for managing our international position in the world economy:

First. Get our priorities in proper order by making clear that we will only support a world economic system which promotes employment, income, and social progress and which does not demand their sacrifice;

Second. Summon a new Bretton Woods Conference to determine who will work with us to create a liberal system of commercial and financial relations based on free and fair exchange of goods and capital;

Third. Eliminate the artificial restrictions on the flow of productive private investment dollars and repeal the interest equalization tax;

Fourth. Isolate and sterilize the dollar drain to Vietnam by placing the foreign exchange cost of the war under wartime exchange controls;

Fifth. Reorient our farm program to expand production for export to cash customers, while retaining our humanitarian policy of feeding those threatened with famine;

Sixth. Eliminate our unconditional promise to buy gold at \$35 per ounce and

thus make clear to the world that continued, irresponsible purchases of American gold by foreigners means the end of world economic stability and the onset of unrestrained competition with American productive power.

Mr. President, the hope for world prosperity is not to be found in the esoteric mumblings of so-called monetary experts as they mutter around obscure conference tables. The hope for world prosperity is leadership by the one nation which can and must lead. We can reject this responsibility of leadership as, to a tragically great extent, we are doing. But if we do not lead we will never be able to put off the responsibility that will fall on us in the all too near future for having allowed world prosperity to perish by default. This responsibility can be avoided no more than can the responsibility of our national leaders to give the facts to the people about Vietnam to relieve the recession soft spots and the inflationary strains which crisscross our economy, and to preserve our domestic prosperity together with that of the free world.

DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966

The Senate resumed the consideration of the bill (S. 3708) to assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes.

Mr. KENNEDY of Massachusetts. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated by title.

Mr. KENNEDY of Massachusetts. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered, and the amendment will be printed in the Record as this point.

The amendment submitted by Mr. KENNEDY of Massachusetts is as follows:

On page 31, line 1, strike out "FEDERAL COOPERATION" and insert in lieu thereof "COOPERATION AND COORDINATION".

On page 31, line 2, after "305." insert "(a)". On page 31, after line 5, insert the following:

"(b) In the administration of this title, the Secretary shall seek to ensure the greatest practicable cooperation and coordination as between the various urban information and technical assistance centers established under this title."

Mr. KENNEDY of Massachusetts. Mr. President, I am pleased to note that title III of this bill establishes a new grant program to assist States and municipalities in the establishment of urban information centers.

The purpose of such centers would be to help local government officials to know more about Federal programs, to enable these communities to collect and

study the local data relating to their problems, to relate this knowledge to the Federal programs of assistance which are available, and to provide expert assistance to help the local decisionmaker through the maze of assistance programs confronting him.

In my judgment, programs such as this one are vitally needed. For I firmly believe that the failure of the Federal Government to fully deliver to the communities themselves the services planned for in our Federal programs is due, in significant part, to the confusion and lack of coordination between levels of government.

One of the main reasons for the confusion is that the great proliferation of Federal programs in recent years has not been accompanied by any kind of concerted effort to develop a communications system to keep up with the increase in activity. Local government executives are confronted with so many alternatives that they cannot keep track of all of them or distinguish between them.

The bureaucratic chaos which often flows from this crisis in communications is costly to everyone. It is costly to the taxpayers whose money is not wisely or effectively spent. It is costly to the communities that are denied benefits they need. And it is costly to the Nation as a whole when ill-informed decisions result in ineffective programs.

The only way to solve this crisis, in my judgment, is to call upon the scientific advances which have been made in computer and information retrieval technology, and develop modern information systems which will enable us to get a grip on the programs we have now and will have in the future. In a sense, it is a problem of scientific management, and it must be faced up to directly. Given the progress we have made in the field of information technology, I am certain that if we give this problem the attention it deserves, it is a problem we can solve.

The proposed title III of this bill is therefore in my judgement a much needed first step.

I personally believe that in addition to this proposal, congress should go further and authorize a complete study of the desirability and feasibility of establishing a national information system, operating through computer centers throughout the country, which would not only enable local governments to match their needs against Federal programs, but which would also keep the Federal Government in touch with local needs. The system I envision would tell Federal officials and Members of Congress what programs are working, what programs are not, what programs are needed. It would enable the Federal Government to better comprehend the problems of the local community and the directions they want to take in the future.

Moreover, such a system should make it possible for the Federal Government, both Congress and the executive, to obtain an overview of the whole operation of Government, to look at the "grand design," and in so doing, get a better understanding of priorities and allocation of resources, rather than carrying on in the

piecemeal and essentially haphazard manner we are at present.

From my discussions with industry and Government experts, I believe that such a system is feasible, and I am hopeful that hearings on the legislation I have offered to develop the design of this system can be held in the near future.

It may be several years before any comprehensive system can be established. In the interim, information center programs such as that set up in title III can be extremely helpful in increasing the effectiveness both of Federal programs and local administration.

There is, however, one respect in which I believe the present legislation can be improved.

Title III presently provides in section 305 for the Federal Government to cooperate with the States and metropolitan area agencies in providing information under this title. But it does not make any provision for cooperation and coordination between the information centers to be set up under this title in various urban centers.

If there is no effective interchange between the centers and with the Federal Department of Housing and Urban Development, much of the effectiveness of these centers will be lost. There will be unnecessary duplication of effort, and a failure on the part of some communities to benefit from the experience of others in setting up such centers.

If advanced technology is to make a maximum contribution, knowledge and expertise must be pooled.

The purpose of my amendment is simply to assure that the coordination and cooperation between centers and with HUD which is so essential to the effectiveness of the program will be forthcoming.

I note that such a provision was explicitly favored by the National League of Cities when the league testified on this program before Senate Committee on Banking and Currency, and I believe, if it is accepted by the Senate that it will be helpful in making this program work effectively.

Mr. President, I had an opportunity to discuss this amendment only with the staff and not with the Senator from Maine, but I hope that it is acceptable to him.

Mr. MUSKIE. Mr. President, I have not discussed this amendment with the Senator from Massachusetts. However, in the words of the amendment, "In the administration of this title, the Secretary shall seek to insure the greatest practicable cooperation and coordination as between the various urban information and technical assistance centers established under this title," which is title III of the bill, the amendment is acceptable to me.

Mr. KENNEDY of Massachusetts. Under this amendment, we will be better assured that the experience gained in some urban areas will be available to other urban areas. Title III provides for the greatest degree of cooperation between the various Federal agencies and the urban areas. The hope here is to gain the benefits of the experience in certain urban areas and make it avail-

able to other urban areas to help them develop their particular programs.

Mr. TOWER. Mr. President, I am willing to accept the amendment of the Senator from Massachusetts.

Mr. President, I yield back the remainder of my time.

Mr. MUSKIE. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Massachusetts.

The amendment was agreed to.

Mr. TOWER. Mr. President, for the information of Senators, let me say that there will be a record vote on the bill, and it should come relatively soon, because I know there are many Senators who wish to get away for important engagements.

I have two amendments, which I have already discussed with the Senator in charge of the bill and which he said he intends to accept. The Senator from New York [Mr. JAVITS] has an amendment. Other than that, I know of no other amendments.

AMENDMENT NO. 474

Mr. TOWER. Mr. President, I call up my amendment No. 747 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated by title.

The legislative clerk read the amendment, as follows:

On page 15, line 25, it is proposed to insert: "SEC. 114. Grants made under section 105 for projects in any one State shall not exceed in the aggregate 12½ per centum of the aggregate amount of funds authorized to be appropriated under section 111."

Mr. TOWER. Mr. President, I ask unanimous consent to modify my amendment to read "15 percent" instead of "12½ percent."

The PRESIDING OFFICER. The Senator has a right to modify his amendment, and it is modified accordingly.

Mr. TOWER. Mr. President, this amendment would establish a formula which is, in effect, now in existence in other measures of this kind, so that an inordinate amount of funds will not go to any one city or to any one State.

Mr. MUSKIE. The Senator is correct that limitations of this kind are quite customary in this kind of legislation. I have no objection to the Senator's amendment and I am willing to accept it.

Mr. JAVITS. Mr. President, will the Senator yield to me briefly?

Mr. TOWER. I yield.

Mr. JAVITS. I understand that the figure used is 15 percent?

Mr. TOWER. The Senator is correct—15 percent.

Mr. JAVITS. I had intended to seek the same proviso with respect to this bill which we worked out the other day on another housing bill relating to areas which have used up or are close to using up their allowable percentage. In view of the fact that the percentage is fixed at 15 percent, instead of 12½ percent, I would be willing to see what the experience will be with it in this shape, to see whether we can live with it without this proviso, under the circumstances.

The PRESIDING OFFICER. The question is on agreeing to the amendment (No. 747) of the Senator from Texas.

The amendment was agreed to.

AMENDMENT NO. 748

Mr. TOWER. Mr. President, I call up my amendment No. 748 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated by title.

The legislative clerk read the amendment, as follows:

On page 28, line 12, it is proposed to insert: "Sec. 209. Grants made under section 205 for projects in any one State shall not exceed in the aggregate 12½ per centum of the aggregate amount of funds authorized to be appropriated, pursuant to section 206(b)."

Mr. TOWER. Mr. President, I ask unanimous consent to modify this amendment to read "15 percent" instead of "12½ percent."

The PRESIDING OFFICER. The Senator has that right, and the amendment is so modified.

Mr. TOWER. Mr. President, this amendment is similar to amendment No. 747 which has just been adopted, which related to section 105.

Amendment No. 748 relates to section 205, and I believe it will be acceptable to the Senator in charge of the bill.

Mr. MUSKIE. Mr. President, for the same reasons I accepted the previous amendment No. 747, I am willing to accept the present one, now under consideration, No. 748.

Mr. TOWER. Mr. President, I yield back the remainder of my time.

Mr. MUSKIE. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment (No. 748) of the Senator from Texas.

The amendment was agreed to.

Mr. LAUSCHE. Mr. President—

The PRESIDING OFFICER. Who yields time?

Mr. MUSKIE. I yield to the Senator from Ohio.

Mr. LAUSCHE. I desire to put a question. Does the bill contain any provisions allowing grants to be made to what are called community organizations not primarily responsible to Government and Government officials?

Mr. MUSKIE. Mr. President, we have discussed this matter privately. I desire to say for the RECORD that all grants under the demonstration cities program go to State and local governments.

Mr. LAUSCHE. Am I correct in interpreting the statement of the Senator from Maine that no effort has been made to guard against the evils that have grown up in the poverty program where money is being allocated to what are called community organizations?

Mr. MUSKIE. The grants under this program will be made only to established units of Government.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. JAVITS. Mr. President, I call up my amendment No. 742.

The PRESIDING OFFICER. The amendment offered by the Senator from New York will be stated.

The legislative clerk read the amendment (No. 742), as follows:

"TITLE IV—MISCELLANEOUS

"Study concerning relief of homeowners in proximity to airports

"Sec. 401. Section 1113 of the Housing and Urban Development Act of 1965 is amended—

"(1) by inserting '(a)' after 'Sec. 1113.'; "(2) by striking out 'one year after the date of the enactment of this Act' and inserting in lieu thereof 'six months after the date of the enactment of the Demonstration Cities and Metropolitan Development Act of 1966'; and

"(3) by adding at the end thereof the following new subsection:

"(b) There is authorized to be appropriated the sum of \$100,000 to carry out subsection (a)."

Mr. JAVITS. Mr. President, I yield myself 5 minutes.

This amendment is precisely the same as the provision in the House bill, which was not carried in the Senate bill. The purpose is to authorize \$100,000 for the purpose of implementing a section of the Housing Act which we adopted in 1965 regarding what can be done about insulating homes which are located near airports relating to noise from aircraft.

At that time, the \$100,000 required was not included in the supplemental appropriation bill. The Senator from Massachusetts [Mr. SALTONSTALL] said, when the appropriation bill came back from conference, that the amount was not included because it was thought the Federal Aviation Agency had enough money to do the job.

It developed that while the Federal Aviation Agency had the resources, it was interested only in a study of the noises made by aircraft as they approached airports or noise within the aircraft, but was not concerned with the noise as it affected housing.

Therefore, since that amount of time has elapsed, it appears that the purpose sought to be accomplished should be done in a housing bill. It was provided for in a section of the Housing Act of 1965. It may be that the Department of Housing and Urban Development can "scrounge" money enough to complete the study. Perhaps that can be done, but it is an irregular process.

Since there has been a concentration of jet airplanes, the administration is interested in the field of noise, and the amount of \$100,000 was included in the House bill.

From a practical basis, and so long as it is found necessitous, I hope we can assure that it will be provided for by adopting the amendment to the pending bill.

Mr. MUSKIE. Mr. President, I understand that the amendment simply undertakes to extend the time limits and to provide some money to implement a provision of law already on the books. We have approved the policy. I think this figure is reasonable to do the job. I am willing to accept the amendment.

I yield back the remaining time on the amendment.

Mr. JAVITS. I yield back my time on the amendment.

The PRESIDING OFFICER. All time

on the amendment having been yielded back, the question is on agreeing to the amendment of the Senator from New York.

The amendment (No. 742) was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. JAVITS. Mr. President, I send another amendment to the desk and ask that it be stated. This is the only other amendment I have.

The PRESIDING OFFICER. The amendment offered by the Senator from New York will be stated.

The legislative clerk read the amendment, as follows:

On page 5, line 12, change the semicolon after the word "scheduled" to a comma, and insert the following: "and, in the carrying out of the program, the fullest utilization possible will be made of private initiative and enterprise;"

Mr. JAVITS. Mr. President, this amendment refers to the purpose section of the bill. This is the way it was always intended to be. Somehow or other the words were dropped out when the bill got to the floor. I think it would be reassuring to many to know that the impact of the bill is that it will be a private enterprise effort.

Mr. MUSKIE. Mr. President, this amendment also reflects the intent of the bill. It is the desire to stimulate activity of the private sector as much as possible. I am happy to accept the amendment.

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. JAVITS. I yield back my time.

Mr. MUSKIE. I yield back my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back. The question is on agreeing to the amendment of the Senator from New York.

The amendment was agreed to.

Mr. RIBICOFF. Mr. President, I rise in support of S. 3708, the demonstration cities bill. The bill offers us the promise of restructuring and reshaping our cities. It can provide a beginning of efforts to channel our Nation's resources and wisdom toward solving the most critical problem of our time—the urban crisis.

This crisis will test the mettle of this democracy, just as the Nation's great wars, economic depressions, and natural disasters have tested that mettle. For this crisis concerns the very future of our democracy, and, in great measure, will determine the future course of the democratic ideal throughout the world. This crisis is joined in our cities, for this is the most powerful urban democracy in the history of the world. The crisis revolves about whether American cities can be effectively democratic, whether they can truly function in a democratic sense, or whether they will continue to sink into a welter of economic disuse and social disorganization.

The inadequacies of past efforts, for all their good intentions, are patently obvious in the growing headlines of riots, of the history of the world. The crisis re-

civil disobedience on a vast scale, throughout those festering urban slums of the cities, North and South, East and West.

The demonstration city program is small to start with in terms of dollars. But it is a beginning. I am pleased to have been a member of the President's task force which originally recommended this proposal.

Mr. President, this afternoon in Syracuse, N.Y., President Johnson will deliver an address on the problems of our cities which should be read by all. It is an important message because it lists what has been done to date and the responsibility of Congress on many pending measures. It also emphasizes the immensity of the problem and recognizes that a great deal needs to be done to meet it. I ask unanimous consent to include the text of the President's remarks at this point in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

REMARKS OF THE PRESIDENT AT SYRACUSE, N.Y.

I want to talk to you today about the center of our society—the American city.

Over 70% of our population live in urban areas. Half a century from now 320 million of our 400 million Americans will live in cities with our larger cities receiving the greatest impact of this growth.

For almost three years my administration has been concerned with the question: what do we want our cities to become?

For you and your children, the question is: What kind of place will Syracuse be fifty years from now?

A city must be more than a collection of shops and buildings; more than an assortment of goods and services; more than a place to escape from.

A city must be a community where our lives are enriched. It must be a place where every man can satisfy his highest aspiration. It must be an instrument to advance the hopes of all its citizens. That is what we want our cities to be. And that is what we have set out to make them.

One word can best describe the task we face—and that word is immense. Until this decade, one description fitted our response: "too little and too late." By 1975 we will need two million new homes a year—schools for 60 million children—health and welfare programs for 27 million people over the age of 60—and transportation facilities for the daily movement of 200 million people in more than 80 million automobiles.

In less than 40 years—between now and the end of this century—urban population will double, city land will double, and we will have to build in our cities as much as has been built since the first settler arrived on these shores.

Our cities are struggling to meet this task. They increased their taxes by 39% between 1954 and 1963, and still their tax debts increased by 119 percent. Far more must be done if we are to solve the number one domestic problem of the United States.

Let me be clear about the heart of this problem: It is the people who live in our cities and the quality of the lives they lead that concern us.

We must not only build housing units; we must build neighborhoods. We must not only construct schools; we must educate our children. We must not only raise income; we must create beauty and end the pollution of our water and air. We must open new opportunities to all our people so that everyone, not just a fortunate few, can have access to decent homes and schools, to recreation and culture.

These are obligations that must be met not only by the Federal Government but by every Government—State and local—and by all the people of America. The Federal Government will meet its responsibility, but local government, private interests and individual citizens must provide energy, resources, talent, and toil for much of the task.

Many of the conditions we seek to change should never have come about. It is shameful that they should continue to exist. And none are more shameful than conditions which permit some people to line their pockets with the tattered dollars of the poor.

We must take the profit out of poverty. And that is what we intend to do.

First, I have asked the Secretary of Housing and Urban Development to set as his goal the establishment—in every ghetto of America—of a neighborhood center to service the people who live there.

Second, I have asked the Director of the Office of Economic Opportunity to increase the number of neighborhood legal centers in slums. I want these legal centers to make a major effort to help tenants secure their rights to safe and sanitary housing.

Third, I am directing the Attorney General to call a conference to develop new procedures to insure that the rights of tenants are fully and effectively enforced. We will have at that conference the best legal minds in the country to work with State and local officials.

Fourth, I will appoint a commission of distinguished Americans to make the first comprehensive review of codes, zoning, taxation, and development standards in more than two generations. I proposed the establishment of such a commission in my 1965 message on the cities. Both Houses of Congress this week agreed in conference to fund this effort. The work of the commission will begin immediately upon the enactment of this legislation.

These are steps we will take now. But let me be perfectly candid: This job cannot be done in Washington alone. Every housing official, every mayor and every governor must vigorously enforce their building, health, and safety codes to the limit of the law. Where there are loopholes, they must be closed. Where there are violations, the exploited tenant must be assured a swift and sure action by the courts.

Not even local officials, however, can change these conditions themselves. Unless private citizens become indignant at the treatment of their neighbors, unless individual citizens make justice for others a personal concern, poverty will profit those who exploit the poor.

The Federal government, of course, has a very large responsibility. And we are trying not only to fulfill but enlarge our role in the rebirth of American cities.

In 1961 we were investing \$15 billion in our cities. We have increased that nearly 100 percent—to almost \$30 billion. For the first three years of this decade these programs increased by an average of \$1½ billion per year. Since then, they have increased \$4 billion per year—2½ times the rate of increase in the previous three years.

We have made important new starts in many vital areas: in the War on Poverty; in assistance to law enforcement; in the attack on pollution; in the training of manpower; in the education of children; and in the improvement of our health.

But not all the answers are in. Not even all the questions have been asked. We must continue to search and to probe, to experiment and to explore. We need constant study and new knowledge as we struggle to cure what plagues the American city.

This is why, for the first time in our history, our cities have a place in the Cabinet. More than a century after President Lincoln created the Department of Agriculture, we have a Department to serve the needs of the

three out of four Americans who live in cities.

I have directed every member of my Cabinet who can help with our urban challenge to meet at least once a week in the White House—or as often as necessary, to keep our cities program moving. I have asked each one of them to go out into the cities and to see the needs for themselves—and to come back and tell me what he finds.

This is why we have brought to Washington the ablest men we could find in this country to concern themselves with the future of our cities. They have come from the universities, from business, and from labor. They are scientists, lawyers, and managers—creative men, men of vision, practical men.

This is why we have taken steps to set up summer programs for our youth, to keep the playground open later at night, to open swimming pools and open fire hydrants on hot summer evenings. These temporary steps do not take an act of Congress. Any city can take them. Every city should take them now.

There are responsibilities, however, which only Congress can meet. We need laws and new programs—and we need them this session.

I have proposed to Congress what could become the most sweeping response ever made to our cities' needs. This is the Demonstration Cities Program which is still before the Congress. It admits for the first time that cities are not made of bricks but of men. When Congress acts—and action is needed now—we will be able to make the first concentrated attack on urban blight and to rebuild or restore entire neighborhoods.

As we learn more, new ideas and new courses of action to improve our cities can be fitted into the demonstration cities program. It does not freeze our strategy and inhibit future change. It does not erode the power of local governments, but on the contrary gives cities new choices and new abilities, new ideas and new spurs to action.

Congress has already acted to provide the money for the rent supplement program that will mobilize private enterprise for our poor. Every \$600 of rent supplements will encourage private enterprise to build a housing unit with 20 times that amount.

Congress gave us \$18 million less than we need, and it only acted more than a year after we proposed rent supplements. But now we can move forward to help hundreds of thousands of poor families raise their children in clean and decent surroundings.

These are only two of the programs we have laid before Congress to help solve the problems of our cities. What we need now—and what American cities expect now—is action. Congress can pass this program and bring new opportunities to millions.

To the Congress I say:

Give us funds for the Teacher Corps—and let skilled teachers bring knowledge and a quest for learning to those children who need it most.

Give us more resources for rent supplements—and let us provide better homes for so many who live in substandard housing.

Give us the Civil Rights bill—and let us begin to break the chains that bind the ghetto by banishing discrimination from the sale and rental of housing.

Give us the means to prosecute the War Against Poverty—and let us provide jobs and training for adults and a head-start for the very young.

Give us the Child Nutrition Act—and let us offer breakfasts and hot lunches to needy children who can be encouraged to stay in school.

Give us the Hospital Modernization bill—and we can build and modernize hospitals to serve our urban citizens.

Give us the legislation—and we can help overcome a severe shortage of trained medical personnel.

Give us the money for Urban Mass Transit—and our cities can begin to provide adequate transportation for their people.

Give us a just minimum wage—and more American workers will earn a decent income.

Give us better unemployment insurance—and men out of work can be trained for jobs that need workers.

Give us the Truth in Lending bill—so that customers, especially those who are poor, can know the honest cost of the money they borrow.

Give us the Truth in Packaging bill—so the hard-earned dollars of the poor—as well as of every American—can be protected against deception and false values.

We have an agenda for action. We have taken the first steps toward great cities for a great society. Now Congress must act to give us the power to move ahead on all these fronts.

This is no time to delay. This is no time to relax our efforts. We know there is no magic equation that will produce an instant solution to the blight and poverty and want deposited in our cities by decades of inaction and indifference.

But we also know there is no substitute for action.

I do not know how long it will take to rebuild our cities. I do know it must not—and will not—take forever. For my part, I pledge that this Administration will not cease our efforts to make right what has taken generations to make wrong.

We have started down that road. Until each city is a community where every member feels he belongs, until it is a place where each citizen feels safe on his streets, until it is a place where self-respect and dignity are the lot of each man—we will not rest.

This is what men have always dreamed their cities would be. And this is what we seek to build.

DEMONSTRATION CITIES ACT WILL HELP TO MAKE OUR CITIES FIT FOR PEOPLE

Mr. DOUGLAS. Mr. President, our society, whether it becomes the Great Society or not, is primarily a city and suburban society. No nostalgia for the rural America of the 19th century will change the basic fact that 70 percent of our 190 million people live in some 700 cities and their suburbs. No foreseeable action will reverse the constant increase in both the numbers and the proportion of our people who live in cities.

So when we speak of the problems of our cities and urban centers, we speak of the problems of nearly all of us now, and the problems of virtually all of us soon.

PROBLEMS OF THE CITIES WEIGH HEAVILY ON THE POOR

In the narrow but still human sense, the problems of cities are primarily the problems of the poor. And to be even more exact, they are primarily the problems of Negroes and of the whites from poorer families. Sixty-five percent of our Negro citizens lived in urban areas in 1960; of these, 80 percent lived in the central cities. In the last decade and a half, the more prosperous whites have left the central cities for the suburbs to be replaced by Negroes at a rate generally just sufficient to keep the central city populations static in numbers. Every major city contains, moreover, large areas of concentrated and exclusive Negro populations. There are also concentrations of the poorer whites and the Latin Americans.

Mainly, these are the slums, the deteriorating areas, where the adult in-

habitant is restricted to one-half the median income of that of the average person; where he has less than one-half the chance of full-time employment; where his family is three times as likely to live in substandard housing; where the children are more likely to have more crowded classrooms and less qualified teachers.

The Nation's cities are faced with an immense and increasing demand for municipal facilities and services. This demand is straining their financial resources—resources unfortunately tied to shrinking sources of revenue. In trying to meet these demands, one of the most intricate problems facing cities is that of blighted areas with their high and constantly increasing demands for services and their declining taxable values.

COSTS GREATER THAN CITIES CAN BEAR ALONE

The economic cost to cities of slums and blighted areas is staggering. Cities are caught in a descending spiral which leads to widespread municipal insolvency. The continuing spread of blight reduces the taxable value of city land. As slums and blight spread, crime, delinquency, and disease follow.

As the need for city services grows, the city's ability to provide these services is impaired by the very blight that creates the demand. Greater blight, greater demand for city services, decreasing revenues to meet the demand—that is the downward spiral in many American cities. In these circumstances, it is not surprising that the cities with the greatest slum problems have the least capacity to deal with these problems.

Moreover, the efforts of our cities to help themselves are in too large measure self-defeating. The more determined the city's efforts to raise funds to meet the need for increased services, the more likely it is that such efforts will further drive its economically affluent citizens to the nearby suburbs. Similarly, the greater the burden which the city places on industry within its borders, the smaller its opportunity to attract and hold the industry and commerce which its economy requires. As a result, the city becomes, increasingly, a home for the economically deprived, those least able to bear the cost of municipal services.

Until the 1920's, the city's dominant function was that of the melting pot, the instrument through which 40 million immigrants were assimilated into American life. The city, through its various public and private institutions, provided millions of foreign-born with food, shelter, jobs, and education.

"NEW IMMIGRANTS" REQUIRE HELP

The past generation, however, has brought a new and different type of immigration to our cities—not of the foreign born, but of economically and culturally disadvantaged rural Americans. The migrants of the past generation, beginning with the years of the great depression, came to the city unprepared for the demands and pressures, and the dwindling opportunities, of urban life. They were largely unskilled, uneducated, and unwanted. Unable to adjust to an increasingly mechanized, complex, and often hostile urban society, they found neither the jobs nor the other

opportunities which the earlier generations of city dwellers found. Today, they are the unemployed, the welfare and relief recipients of every American city.

The city today must provide jobs and adequate housing and education for millions of the Nation's unemployed, ill-housed, and uneducated. It must provide community facilities and health and social services on a scale unprecedented in the Nation's history. And, it must do so in the face of overwhelming demands on its skills and resources.

It would be a disservice to the long and vigorous efforts of many of the outstanding leaders of our cities to suggest that the Federal Government can abruptly solve the problems of our cities where local leadership has not been fully successful.

But it is true that with their own limited resources and the existing Federal grant-in-aid programs, cities have not been able to deal adequately with the entire range of their problems. The size and scale of their efforts has been too small, and too widely disbursed.

Present programs are often prisoners of archaic and wasteful building practices. They have inhibited the use of modern technology and they have often inflated the cost of necessary rebuilding.

The goals of the existing major Federal grant-in-aid programs have often lacked cohesiveness. Some work for the revitalization of the central city. Some disrupt it.

TO IMPROVE THE CONDITIONS OF LIFE

In sum, we have still not firmly launched the effort necessary to assure that our cities will be fit for people. In his "Cities" message to the Congress on January 26, President Johnson said:

It is clear to me that American cities require a program that will . . . concentrate our available resources—in planning tools, in housing construction, in job training, in health facilities, in recreation, in welfare programs, in education—to improve the conditions of life in urban areas.

The demonstration cities bill now before us, and in particular title I, will help our outstanding leaders—local, State and National—to show the Nation how we can provide both the human and the physical renewal of our cities.

This legislation will enable cities of all sizes for the first time, to undertake an intensive and coordinated attack on large sections of the city which suffer from blight and decay. It will enable the cities, in conjunction with physical renewal programs, to undertake new needed social and welfare services for the disadvantaged residents of their blighted and decaying neighborhoods.

The legislation will at last encourage programs of the scope and magnitude needed to stop the physical and social deterioration of large sections of our cities. It will make possible the concentration of all available educational, health, and social services on the problems of the poor who live in the vast slums and blighted neighborhoods so that their social needs will be met at the same time the physical rehabilitation of the slums is being carried out. It will help provide massive additions to the

supply of low- and moderate-income housing.

AMOUNTS AUTHORIZED ARE CONSISTENT WITH
PRESIDENT'S RECOMMENDATIONS

Mr. President, the amounts authorized by the bill to carry out the city demonstration program are consistent with the administration's estimates of expenditures for this program. The authorization provided by the bill will permit a reasonable beginning over the next 2 years.

The bill authorizes appropriations of \$12 million for financial assistance—through 80 percent grants—for planning comprehensive city demonstration programs for the fiscal year ending June 30, 1967, and an additional \$12 million for planning such programs during the fiscal year ending June 30, 1968. The bill authorizes \$400 million for the fiscal year ending June 30, 1968, for supplemental grants to help finance the activities undertaken as part of demonstration programs, and \$500 million for this purpose for the fiscal year ending June 30, 1969.

These amounts will permit us to finance the first 2 years of the 5-year program proposed by the administration.

During the next 2 years Congress will have an opportunity to evaluate the experience under this program. I have high hopes for the program. If it is as successful as I believe it will be, the Congress can provide—on the basis of plans submitted by the cities, the progress of activities being carried out by cities under comprehensive demonstration programs already approved and underway, and the budgetary situation existing at the time—a continued reasonable annual rate of funding for comprehensive city demonstration programs.

NOT INFLATIONARY

This bill has no inflationary effect. Except for \$12 million authorized to finance the planning of demonstration programs during fiscal 1967, not 1 penny of the money authorized by this bill can be spent until after July 1, 1967. Indeed, it is doubtful that any substantial amount of the \$400 million authorized to be appropriated for the fiscal year after July 1, 1967, to carry out demonstration programs can actually be spent before late 1968.

As all of us here know, there is a great amount of leadtime involved in getting these programs off the ground. The situation in our cities is such that we cannot tolerate unnecessary delay. If we authorize work to be begun immediately—actual accomplishments will come none too soon.

So the actual expenditures of the amounts authorized by this bill to be spent for demonstration cities will not take place until well into the future. It may well be that by the time the funds we authorize today are to be spent, they will stimulate a sluggish economy as well as permit cities to meet vital public needs. But regardless of the pace at which our economy may be operating in 1968 and 1969, the expenditures authorized by this bill are vitally necessary and extremely small in relation to the need.

HUMAN RENEWAL IS ALSO NEEDED

In order to qualify for assistance under this legislation, a city must be prepared

to plan and carry out a comprehensive city demonstration program. This assistance will be for a local program; planned and carried out by local people; and based on local judgment as to the city's needs and its order of priorities in meeting these needs.

Frankly, this program will ask a great deal of a qualified city, large or small, which undertakes such a program.

By my support of this legislation, I do not mean to suggest that local leadership has neglected social renewal, but in most cases their hands have been tied by a lack of funds and the absence of clear national policy to encourage a comprehensive renewal in both human and physical terms.

The Demonstration Cities Act has two substantially new elements: first, this emphasis on human renewal—on schools, jobs and health services within large areas; and second, the use of new techniques which will permit more efficiency and less waste motion in our efforts.

It must be emphasized, moreover, that this is a large-scale demonstration. It is an invitation to the best leadership in our cities. Its purpose is to demonstrate to the Nation what we really can do when we make a maximum effort. It will demonstrate to the Nation that we can rescue our cities. I believe it will result in tremendous national support for additional comprehensive efforts of very large magnitude.

Cities will not find it simple to qualify. This legislation is designed to help those cities willing to face up to their responsibilities; willing to fully commit their energy and resources; willing to undertake actions which will have widespread and profound effects on the social and physical structure of the city.

REQUIREMENTS FOR CITY DEMONSTRATIONS GRANTS

The requirements for this assistance ask for real initiative from our local leaders. A demonstration program must meet these criteria:

First, the physical and social problems in the area of the city covered by the program must be such that a comprehensive city demonstration program is necessary to improve the physical environment, increase the supply of adequate housing for low- and moderate-income people, and provide education and social services vital to the public health and welfare.

Second, the demonstration program must be of sufficient magnitude to make a substantial impact on the social and physical problems and to remove or arrest blight and decay in entire sections or neighborhoods; to contribute to the sound development of the entire city; to make marked progress in reducing social and educational disadvantages, ill health, underemployment, and enforced idleness; and to provide educational, health, and social services necessary to serve the poor and disadvantaged in the area, widespread citizen participation in the program, maximum employment opportunities for residents of the area in all phases of the program, and enlarged opportunities for work and training.

Third, the program, including rebuilding or restoration, must contribute to a well-balanced city with a substantial in-

crease in the supply of standard housing of low and moderate cost, maximum opportunities in the choice of housing accommodations for all citizens of all income levels, adequate public facilities—including those needed for education, health, and social services, recreation, and transportation—commercial facilities adequate to serve the residential areas, and ease of access between the residential areas and centers of employment.

Moreover, the bill requires, as additional related criteria, that: the local governing body has approved the program and, where appropriate, application for assistance under the program; adequate local resources are, or will be, available for the completion of the program as scheduled; agencies whose cooperation is necessary to the success of the program have indicated their intent to furnish such cooperation; administrative machinery is available at the local level for carrying out the program on a consolidated and coordinated basis; local laws, regulations, and other requirements are, or can be expected to be, consistent with the objectives of the program; the demonstration program include a plan for relocating individuals, families, business concerns, and non-profit organizations displaced or to be displaced in carrying out the program; and the demonstration program be consistent with comprehensive planning in the entire urban or metropolitan area.

FULL RANGE OF PHYSICAL RENEWAL AND SOCIAL SERVICE

What this legislation offers, in summary, is the full range of existing Federal programs of physical renewal and social service. If the city is prepared to undertake such comprehensive renewal and revitalization, it will, in effect, receive Federal matching grants for presently existing programs at a lower rate of local matching. But the city must maintain at least the existing level of effort, so the supplemental grant will enable it. This will permit the city to do more under Federal grant programs for the same amount of local cash or to spend the additional Federal funds on related programs in the demonstration.

BOTH PRIVATE AND PUBLIC EFFORTS

In a comprehensive demonstration, therefore, a city can bring together private and public efforts to provide such facilities and activities as: housing for low-income families; facilities for the abatement of air and water pollution; schools; hospitals; transit systems; open-space land; water and sewer facilities; neighborhood recreation centers; parks; housing relocation programs; adult education and manpower training services; day-care centers for underprivileged children; special education programs such as consumer and domestic science classes; incentive pay to teachers of problem students; better trash collections and better garbage disposal; street cleaning; more and better street lighting; the elimination of rats; programs for applying advanced technology to the construction of city buildings; revised and modernized housing and building codes and zoning laws to assure proper city development.

In many demonstrations, financial assistance for such projects and activities will be available under existing Federal grant-in-aid programs. Hospitals, for example, receive assistance under the Hill-Burton program; transportation facilities under Mass Transportation Act of 1964; and manpower training programs under the Manpower and Development Training Act of 1962. The supplemental grant made available under the Demonstration Cities Act will ease the city's financial burden in meeting its local share of such programs. In cases where projects and activities involved in demonstration programs are not assisted under existing Federal programs—for example, a program for neighborhood health and social centers—the supplemental grant available under the act will help to finance the carrying out of such projects and activities.

The supplemental grant will be for an amount up to 80 percent of the aggregate amount of the non-Federal contributions required to support the projects or activities assisted by the Federal grant-in-aid programs which are undertaken in connection with such demonstration programs.

EXAMPLE

A comprehensive city demonstration program may involve, for example, 10 distinct projects or activities. A number of these may be financed under existing Federal grant-in-aid programs. Thus, there may be included in the comprehensive city demonstration program an urban renewal project, a Hill-Burton hospital, a federally assisted school construction program, and a public housing project. Each of these is supported in part by a Federal grant under the various Acts establishing the program, and in part by a State, local, or private matching. The proportion of the local share of the total cost varies among the programs. Urban renewal, for example, in two-thirds Federal; one-third local.

If the required aggregate non-Federal contributions to these Federal grant-in-aid projects amount to \$5 million, the Secretary of Housing and Urban Development will make a grant to the city of 80 percent of that amount, or \$4 million. The city would then be free to use the \$4 million grant under the Demonstration Cities Act both to: First, to provide part of its required local share of projects funded under the existing Federal grant-in-aid programs; and second, provide funds to carry out the other, nonfederally assisted projects or activities undertaken as part of the demonstration programs.

MUST MAINTAIN EFFORT

Of course, we have to be certain that this additional assistance to cities is not used simply to replace local funds already being used by cities to rebuild and to provide community facilities and services. Accordingly, it is required, as a condition to receiving assistance for administering the comprehensive demonstration program, that the city not reduce, during the period an approved program is carried out, its prior level of expenditures for projects or activities similar to those being assisted under the demonstration program.

Fundamentally, the city demonstrations bill asks cities to do much more even than the full scale use of Federal grant assistance.

It calls on the cities to act, in conjunction with their demonstration programs, to develop entirely new techniques of rebuilding and restoring slum and blighted areas.

NEW TECHNIQUES

In determining whether a city demonstration program which meets the criteria I have outlined may be approved, the Secretary of Housing and Urban Development also will consider the extent and nature of purely local actions which encourage more rational urban development. The bill requires that the Secretary, in implementing the demonstration program, shall:

First. Emphasize local initiative in the planning, development, and implementation of comprehensive city demonstration programs;

Second. Insure, in conjunction with other appropriate Federal departments and agencies and at the direction of the President, maximum coordination of Federal assistance provided in connection with this title, prompt response to local initiative, and maximum flexibility in programing, consistent with the requirements of law and sound administrative practice; and

Third. Encourage city demonstration agencies to enhance neighborhoods by applying a high standard of design, maintain, as appropriate, natural and historic sites and distinctive neighborhood characteristics, and make maximum possible use of new and improved technology and design, including cost reduction techniques.

NOT A SUBSTITUTE FOR URBAN RENEWAL

Mr. President, I wish to emphasize that the demonstration cities program is not a substitute for urban renewal, nor is it intended to siphon off to the cities which participate in this program the existing grant authorization for urban renewal. To help clarify this intent, the subcommittee adopted my "in addition to urban renewal" motion to amend the declaration of purpose in section 101 so that it now reads:

The Congress further finds and declares * * * that Federal assistance in addition to that now authorized by the urban renewal program and other existing Federal grant-in-aid programs is essential.

In most communities, the urban renewal program will be the major existing program included in the demonstration cities programs. To protect those cities which do not participate under demonstration cities, the committee bill also authorizes \$250 million in new urban renewal grant funds which will be available after July 1, 1967, for urban renewal projects which are identified and scheduled to be carried out as one of the projects or activities included within approved city demonstration programs.

The demonstration cities program asks an added effort. It does not encourage simply an acceleration of urban renewal, any more than it intends a diversion of funds from some cities to other cities under existing grant programs.

WE ASK A MAJOR COMMITMENT TO SOCIAL JUSTICE

These commitments which we ask of our cities should not be taken lightly. Cities will not find them easy to fulfill. They represent, in fact, an enormous demand upon local talent, leadership, and resources. But nothing less will do. What we sometimes casually refer to as the problems of cities are no less than the facts of our society. There is no longer room to escape from or to bury the conditions of city life. The health of our cities is the health of us all. The plight of the poor in our cities restricts for all Americans—in our consciences and in our daily lives—the promises of life, liberty and happiness. We can make our cities fit for people, and I believe that the demonstration cities bill will permit us to demonstrate that the job which must be done can be done.

Mr. PELL. Mr. President, I wish to express my strong support for the demonstration cities legislation now before the Senate, and to express my hope, also, that this very sensible bill will pass the Senate in substantially unchanged form.

We have been hearing a great deal in recent days about what is wrong with our Federal assistance programs for cities. The Senator from Connecticut and others have focused on many aspects of these programs which have not always improved the quality of urban life in the ways that were expected or intended.

My own State of Rhode Island, which is among the most urbanized of all, knows all too unhappily how some of these federally supported programs can fall short of the mark. We have had our share of urban renewal projects that displaced hundreds of people and transplanted them into settings that were not much better than the area being rebuilt. And Providence, like so many other cities across the land on this long, hot summer, has reaped its share of the inevitable fruits of such action.

As poorly conceived as some of our programs may now appear to be, and as distressing as some of the public results have been, I am very pleased to note that some of the sternest critics during the past few days have placed great hope in the bill which is now before us. It seems to me that the demonstration cities program does, in fact, hold the key to a more orderly resolution of the urban dilemma.

The chief merit of the bill, as I see it, is the emphasis and incentives which it provides for coordinated action. It not only seeks to relate various Federal programs one to another, but also seeks to program them in a systematic way so that housing, jobs, education, recreation, and health facilities will come together in the way they should to provide a proper community environment.

I have become more and more convinced of the need for such rational coordination in recent years as I have dug deeper and deeper into the problems of public transportation. I am convinced more than ever of the need for swift, efficient ground transportation between urban centers in such areas as the northeast seaboard, and I am watching with interest the progress of the \$90 million program authorized last year by the

High Speed Ground Transportation Act. I am increasingly impressed, also, with the way in which the total human environment must be considered when one element alone is changed. Innovations in transportation affect economic development, land use, population distribution, water supply, air pollution, the demand for recreation facilities and a host of other matters.

And so it is with the internal workings of our cities. We must be concerned with the total human environment, and we cannot afford the unbalance caused by uncoordinated action. I have been particularly impressed, in this regard, by the writings, and thinking of Constantinos Doxiadis, the brilliant Greek city planner, who has been concerned with this very problem of uncoordinated public action. Speaking on a recent "Meet the Press" program, Dr. Doxiadis described the problem in these words:

Every one of the people who are concerned with the city speaks about one aspect, usually: economic, social, political or administrative, technological, or cultural or esthetic. And this is a great danger because we speak of one aspect of a very complicated problem.

To meet the danger, Dr. Doxiadis has established a new scientific discipline, the science of human settlements, which he calls "ekistics." It brings together such traditional disciplines as geography, economics, sociology, and architecture into a coherent, scientific effort to shape the environment in human terms.

There are thus striking similarities between Dr. Doxiadis' thinking and the legislation before us today. Both are concerned with intelligent coordination and both emphasize that human needs should be the ultimate objective of our efforts to change the urban environment. We can reflect usefully, I believe on this emphasis on human needs as one of the essential differences between planning and social action in a free society and that of a controlled, communistic society where the human element must so often yield to economic determinants. The bill before us would do much to allow for the human element in our urban programs. It is a big step in the right direction, and I am glad to support it.

Mr. MCINTYRE. Mr. President, when the administration first sent up its proposal for a new demonstration cities program for our Nation, I read through the language of the original bill and was, quite frankly, shocked.

My astonishment was not with the nature of the original demonstration cities proposal, nor with its goals. The goal of helping to restore the municipalities of our Nation, small towns as well as big cities, to their rightful place as viable communities, is shared by all Americans.

We all join in agreement with our President when he described the problems of our cities—the slums, the crime rates, the lack of basic facilities—as our "biggest domestic problem."

My astonishment, and dismay, was rather with the staggering costs projected for the demonstration cities program. The administration bill was open ended; no limit was placed on the

amounts which could be spent. Stories were going around that this program could cost \$5 billion, \$10 billion. Cries were heard for expenditures in the near future of over \$20 billion.

I, for one, did not, and do not now, believe that our Federal Government, faced with the continuing costs of Vietnam, faced with constantly rising demand in the economy, could properly spend that much of our taxpayers' money on such domestic needs, even though these needs were legitimate and had some priority, until we had ended our heavy military expenditures in Vietnam by defeating the forces of the Vietcong.

Mr. President, when this bill came before the Subcommittee on Housing, we acted properly to change its form into a more moderate, responsible approach to the problems of our towns and cities. Under the leadership of the distinguished Senator from Maine [Mr. MUSKIE], the committee made the operating provisions of the bill more precise, more responsibly tailored to the most urgent needs of the cities, and generally more moderate in its approach.

As for the open-ended price, the subcommittee quickly moved to put a brake on the maximum spending on this program. Our Republican colleagues moved that the total operating funds in the bill be limited to a total of \$2.3 billion. I personally felt that this figure was far, far too high, considering our other priority needs, the state of the Treasury, and the possibility of mounting costs in Vietnam.

I moved in subcommittee that the total operating price tag be reduced by an additional \$1.4 billion to its present \$900 million. While this still represents a large sum, I believe that it represents a reasonable and moderate compromise with those who were in favor of spending untold billions of dollars at this point in our history. Thus I support the bill in its present form.

I would like to add a few words about one specific portion of this bill in which I take a great deal of pride of authorship. I refer to title III of the bill as reported, which provides for urban information centers and other technical assistance functions.

Title III had its genesis in a problem faced by many communities in New Hampshire and across the country, especially small cities and small towns. This is the problem of technical expertise in the process of applying for Federal programs, and knowledge of the various programs which exist to provide a working partnership between the Federal Government and local communities for the benefit of the communities.

Many communities in New Hampshire have applied for participation in Federal programs, only to be turned down—not because the application was not meritorious—but rather because the community had failed to comply with the detailed requirements of that particular program, or because the program applied for was not as appropriate as others might have been. My office receives calls almost daily from selectmen and city councilmen whose communities, faced

with a need for heavy spending for basic facilities, are interested in Federal assistance but are unaware of the particular Federal agencies or the specific requirements involved in participation in these projects.

This problem is not the fault of the communities involved. It is rather the expected result of the enormous proliferation of Federal agencies administering programs of Federal-community self-help and financial assistance. This is a problem which has engaged the attention of the Senate Subcommittee on Intergovernmental Relations for some time.

What title III of this bill attempts to do is to provide for the establishment of urban information and technical assistance centers to help communities to assess and qualify for the many opportunities—Federal, State and private—to meet their own needs.

There are two particular points which should be made about title III.

The first is that the staffing of the centers established by this title will be by non-Federal employees. Thus, although the Federal Government will provide part of the funds for the centers, the staff members will be local employees, responsible to the State governments or the municipal governments for whom the centers are established.

Thus we hope to avoid the problems which have arisen in the past when Federal employees, in agency regional offices, have been unwilling or unable to cooperate fully with the local official with whom they work. This is a provision which will place the control over information and technical assistance right where it belongs, in the hands of local government.

The second point involves the type of technical assistance to be rendered by the centers. It was our belief that big cities are perfectly able to afford the staff people who have the know-how and ability to qualify their municipal employers for Federal programs. There is no need in having the Federal Government pay part of the salary of a New York City official whose job involves applying for Federal funds.

In the small cities and towns, however, this need for "know-how" does exist. Small town budgets cannot afford the cost, and small town officials cannot afford the time, to become expert in all Federal and other financial programs and methods of qualification.

Under title III, therefore, we have distinguished the types of activities which urban information centers can perform according to the size of the communities which they serve. In the big cities, urban information centers will be restricted, in general, to the collection of urban data, not otherwise routinely available.

In the small towns, and for the urban information centers covering collections of small towns which will be run by the States, the urban information centers will provide technical assistance. This means that, in the State of New Hampshire, for example, the State government will be able to establish a center

using these Federal funds which can be staffed with knowledgeable people able to sit down with town selectmen and explain the disadvantages and advantages of available Federal and other programs and actually assist the towns in preparing their applications.

I believe that title III of this bill will prove to be of meaningful help to every small town and small city in America. Its inclusion in the demonstration cities bill changes the character of the bill from one directed basically at big cities to one offering help to all sizes of communities. I urge my colleagues to support the passage of this bill.

Mr. NELSON. Mr. President, I offer my full support to the demonstration cities program. The situation in our cities has become a crisis. Seven million urban families live in deteriorated houses, in blighted areas lacking decent schools, recreation areas, and shopping facilities. Our cities suffer from congestion, poor planning, and lack of adequate public transportation. The crime rate is rising sharply.

The brunt of these conditions is borne by those who have limited power to change the situation—by Negroes and other minority groups living in the inner cities of our major metropolitan areas. The 1960 census revealed that 80 percent of American Negroes were crowded into the central cities. In the worst areas of the cities the unemployment rate for Negroes between the ages of 24 and 44 is 8.7 percent, while the national rate of unemployment has been lowered from 4.1 percent last December to a current 3.9 percent.

Economic decline is plaguing our cities. Tax revenues are falling, businesses are moving out of the cities, and this only compounds the tragedy of hard-core unemployment.

The future is not bright. The frustrations born of despair have led to riots and violence. We must act and act now.

By 1975 we will need schools for an additional 10 million children.

We will need an additional 2 million homes a year.

We will need transportation systems to move 200 million people and 80 million automobiles per day.

Most important, we will have to create 14.6 million new jobs.

These crucial problems are the critical areas upon which we must focus our domestic attention in the years to come. No panacea can be produced to solve the problems overnight.

Passage of the demonstration cities program will be an important first step. The program will employ joint Federal and local action to restore and rebuild neighborhoods in the worst of the slums.

Cities are involved in a maze of Federal programs. While current programs are aimed at alleviating particular conditions in a slum neighborhood, no program exists to replan and rebuild the entire areas.

The demonstration cities program will authorize the Department of Housing and Urban Development to plan for the restoration of such areas. Supplemental grants for communities will also be available.

The \$12 million authorization for fiscal years 1967 and 1968 and the supplemental of \$400 million for 1968 and \$500 million for 1969 are worthwhile investments. We shall have to be prepared to exceed these amounts if we are to avert the disasters in store for our cities.

There is a tendency to think of the problems of our cities as being limited to huge metropolitan areas, such as New York, or to think of them as a problem which should concern only specialized groups, such as civil rights leaders, or elected city officials.

This is not correct. The problem of the cities is a problem for all of America. The crisis of the cities is a nationwide crisis.

The people in our State—known as a beautiful land of green forests, rolling farms, and sparkling blue lakes—are becoming more and more concentrated into a relatively small urbanized area. About three-fourths of our 4 million residents are now concentrated in the southeastern corner of the State—in cities such as Milwaukee, Madison, Racine, Kenosha, Waukesha, Fond du Lac, and Sheboygan.

Within many of these cities, gigantic problems are building up. The inner cores are becoming old and dilapidated. Higher income families are moving to the suburbs—which also have their problems—and these deteriorating centers of our cities are left largely to lower income families. This is creating serious social and economic problems.

Most of these cities face serious problems with their traffic, schools, streets, water and sewer services, housing, and law enforcement.

The overriding problem, of course, is financial. At this moment of crisis, the cities of Wisconsin find themselves almost powerless to help themselves because their principal source of revenue is a severely overburdened and inequitable property tax.

I wonder if we realize how we have starved the cities for tax revenue. In 1930, local government in Wisconsin received about 56 percent of all taxes collected, including Federal. It now receives only 16 percent.

Property taxes are steadily increasing, further aggravating the flight to the suburbs.

In 1961 in Wisconsin we enacted a property tax relief program which reduced property taxes by 11 percent statewide. But by 1965, the full effect of this tax relief program had been wiped out by tax rate increases.

The cities of Wisconsin estimate that there will be a \$150 million a year gap between their revenues and their expenses by the early 1970's—even though their bonded indebtedness has increased 250 percent in the past decade.

Obviously, this is a crisis of tremendous proportions.

A bold, imaginative Federal program is needed to help these cities find the way out of their problems.

There is no guarantee that the demonstration cities program will become an overnight success. The road ahead is a difficult one. But the issue cannot be dodged or avoided any longer. We have

no choice but to act. I am certain that the Congress will meet its responsibility and pass this vital legislation as an important step forward in coming to grips with the crisis in our cities.

METROPOLITAN PLANNING NEEDED

Mr. YARBOROUGH. Mr. President, the Committee on Banking and Currency has reported favorably S. 3708, the Demonstration Cities and Metropolitan Development Act of 1966. This legislation recognizes the problems of metropolitan growth and takes initiative in meeting present and future urban needs.

Title I of this bill, the comprehensive city demonstration programs, is similar to S. 2842 which I was privileged to cosponsor earlier this session. Titles II and III provide for planned metropolitan development and urban information services. This legislation is timely and well suited to meet the growing problems of urban areas.

More than two-thirds of the population of the United States live in metropolitan areas. Most cities are ridden with slums and blighted areas in which the underprivileged and poor tend to concentrate. Over 7 million homes in urban areas are run down or deteriorated. Crime and disease are prevalent. A coordinated Federal-local effort is necessary to combat these potentially explosive areas.

The demonstration cities approach is designed not merely to accelerate urban renewal projects but to place in better balance existing social and physical renewal programs aimed at meeting the needs of people living in slum and blighted areas. S. 3708 emphasizes local initiative and responses to local problems. The success of the program rests on the ability of local people to assess their own most pressing problems and devise their own solutions. All cities will benefit by the example of the demonstration cities program. The solutions devised to typical urban problems will be applicable throughout the country.

Title I of S. 3708 authorizes the Secretary of Housing and Urban Development to make grants and provide technical assistance to enable city demonstration agencies to plan, develop, and carry out comprehensive city demonstration programs. To qualify for assistance under title I, a city must be ready to mount a creative, responsible attack against major urban problems. Its physical and social problems must be suitable for a comprehensive city demonstration program which will have a substantial impact upon the blighted area. Title I would authorize appropriations not to exceed \$12 million for planning comprehensive programs for the fiscal year ending June 30, 1967, and the same amount for fiscal year ending June 30, 1968. To provide supplemental grants needed to carry out the comprehensive demonstration programs, planned by the cities, the bill authorizes an appropriation not to exceed \$400 million for fiscal year ending June 30, 1968, and not to exceed \$500 million for the fiscal year ending June 30, 1969.

Title II provides for planned metropolitan development, strengthening Federal policy in four ways. It authorizes

and encourages cooperation between Federal departments and agencies with respect to programs affecting metropolitan development. To provide information and assistance concerning programs of the Department of Housing and Urban Development the bill authorizes the appointment of metropolitan expeditors. It requires review and comment on applications for Federal assistance by area-wide comprehensive planning agencies and provides additional incentive, through supplemental grants for federally assisted development activities. The title would authorize grant appropriations of up to \$25 million for fiscal year 1967 and \$50 million for fiscal year 1968. These authorizations would remain available until appropriated, and amounts appropriated would remain available until expended. The proposed new program under title II would encourage coordination of local planning and Federal assistance.

Under title III of S. 3807, urban information and technical assistance services are established. Centers will be created to make available information and data on urban needs and to provide technical assistance to small communities with respect to solution of urban problems. The knowledge gained through the demonstration cities can thus be shared with communities throughout the country.

S. 3807 is a forward-looking bill which endeavors to control the problems of metropolitan growth and make our cities well-balanced with a full range of services and opportunities. City dwellers deserve decent homes and pleasant communities. I support this legislation and urge its immediate passage.

Mr. YOUNG of Ohio. Mr. President, the Demonstration Cities and Metropolitan Development Act of 1966 is among the most important legislative proposals on which the Senate will act this year. Major causes for recent rioting and mob disorder in Cleveland, Ohio, and in other great cities of the Nation were indignities of ghetto life—the pent-up frustrations, unemployment, and the hopelessness of many persons living in crowded and neglected city slums.

We, in the Congress, as well as city and State officials and community leaders must bear some blame for our failure and delay in providing adequate housing and in removing intolerable conditions in urban areas of this Nation.

There are more than 7 million homes in our cities that are substandard—run down or deteriorating. More than 3 million do not have adequate plumbing or hot and cold running water. The central section of many of our cities are virtually decaying.

More and more it is the old, the poor and the underprivileged who are concentrated in these blighted areas where crime, delinquency, poverty, and disease flourish. While the need for municipal services grows, the cities' ability to provide these services is hampered by the very blight that creates the demand.

It seems clear that the elimination of slum misery requires new programs. Cities, no matter how well they have been managed in recent years, are destitute of necessary finances. Therefore, the

Federal Government must step in without delay and give hope to the hitherto hopeless and provide decent homes for those thousands who have been living in the midst of filth, stench, overcrowded in dark, ugly, and dirty tenements. We Senators would do well to stop, look, and listen before appropriating additional billions of dollars for foreign aid to so-called underdeveloped countries. Very likely, one-third of the billions of dollars spent for foreign aid since the end of World War II has been squandered or stolen by officials of countries we desired to aid. Unfortunately, some has been squandered by our own AID officials. If only 10 percent of our foreign aid appropriations from 1953 to 1966 had been eliminated and spent in our country to do away with city slums and ghettos and to aid high school dropouts and provide employment, recent rioting in city slums would not have occurred because the worst slums would have been eliminated. We should emphasize for our good Uncle Sam what is written in that book of all books, "Physician, heal thyself."

One of the first steps we in the Congress can take toward coping with the problems of our cities is to approve the demonstration cities bill. President Johnson has attached to this legislative proposal the rank of "first domestic priority." This is rightfully so for this legislation is directed at relieving and solving one of the most profound internal problems with which our country has had to wrestle since the days of the great depression.

Our cities, blighted at their centers and ringed by an unplanned growth of suburbs, are beset by problems which are completely beyond their ability to solve alone. Between 1954 and 1963 their tax revenues increased by 43 percent and local government indebtedness increased by 119 percent. With limited sources of revenue the cities have waged a heroic battle against problems which are overwhelming them. They must have help.

We in the Congress have created almost 200 different programs of urban assistance and development for one or another special area of need. Although present programs have produced solid benefits, we have learned that piecemeal attacks, no matter how numerous and no matter how sound are simply inadequate to the total need. The demonstration cities bill recognizes that fact and provides a means by which our cities can assess their total problem and then choose from the wide range of existing urban assistance programs those ingredients which they determine are needed to answer it.

This is no Federal master plan. Decisions will be made at the local level by local officials who know and understand their own local problems.

The bill provides our cities with a trigger in the form of supplemental grants, which will enable them to do their planning on the scale and at the depth necessary to comprehend and attack the whole problem. Upon qualification for participation, a demonstration city would then draw from programs already in existence and already funded

the assistance needed to put their programs into operation.

Mr. President, my home city of Cleveland, Ohio, is a prime example of the need for intensive and effective local-Federal action. Obviously one of the causes of the recent rioting in Cleveland was the terribly inadequate and long-neglected housing condition throughout the Hough Avenue area. The neglect of that entire area is inexcusable.

I deplore the violence which exploded throughout Cleveland. However, I am thoroughly convinced that much more of the same is to come unless strong corrective measures are taken.

Not long ago, Secretary Weaver of the Department of Housing and Urban Development and Mayor Locher of Cleveland took emergency steps to speed up urban renewal in Cleveland as a means for relieving the pressures of violence.

Among the measures taken were immediate action to speed up urban renewal programs, provisions for the construction of recreation areas, stepped-up trash collections, an approach to providing social and welfare services for residents in the University-Euclid urban renewal project, the correction of housing code deficiencies, and maximum utilization of existing housing in the area as a public housing resource. This emergency effort plainly shows what can be done on a much broader scale, under the demonstration cities proposal.

It is clear that the elimination of slum misery will require new programs and much money. Mr. President, the \$900 million in this bill for the first 2 years is a pledge by the Congress to stamp out slums. We as legislators must act with determination in providing the wherewithal to rub out conditions in slum neighborhoods which give rise to the ugly rioting which has racked our cities over this summer. We must be determined in this task. The handwriting is clearly written on the battered walls of Cleveland, Chicago, and other great cities of our Nation.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and to be read a third time.

The bill was read the third time.

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I ask for the yeas and nays on final passage.

The yeas and nays were ordered.

Mr. TOWER. Mr. President, I yield back my time on the bill.

Mr. MUSKIE. I yield back my time on the bill.

The PRESIDING OFFICER. All time on the bill has been yielded back.

The question is on the passage of the bill. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. INOUE. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Maryland [Mr. BREWSTER], the Senator from North Dakota [Mr. BURDICK], the Senator from Mississippi [Mr. EASTLAND], the Senator from Indiana [Mr. HARTKE], the Senator from Arizona [Mr. HAYDEN], the Senator from Alabama [Mr. HILL], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Wyoming [Mr. MCGEE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from West Virginia [Mr. RANDOLPH], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], the Senator from Alabama [Mr. SPARKMAN], and the Senator from Georgia [Mr. TALMADGE] are necessarily absent.

I also announce that the Senator from Tennessee [Mr. BASS], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Washington [Mr. MAGNUSON] are absent on official business.

I further announce that, if present and voting, the Senator from Alaska [Mr. BARTLETT], the Senator from North Dakota [Mr. BURDICK], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Indiana [Mr. HARTKE], the Senator from Louisiana [Mr. LONG], the Senator from Wyoming [Mr. MCGEE], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from Florida [Mr. SMATHERS] would each vote "yea."

On this vote, the Senator from Maryland [Mr. BREWSTER] is paired with the Senator from Georgia [Mr. TALMADGE]. If present and voting, the Senator from Maryland would vote "yea" and the Senator from Georgia would vote "nay."

On this vote, the Senator from Mississippi [Mr. EASTLAND] is paired with the Senator from Washington [Mr. MAGNUSON]. If present and voting, the Senator from Mississippi would vote "nay" and the Senator from Washington would vote "yea."

On this vote, the Senator from West Virginia [Mr. RANDOLPH] is paired with the Senator from Georgia [Mr. RUSSELL]. If present and voting, the Senator from West Virginia would vote "yea" and the Senator from Georgia would vote "nay."

On this vote, the Senator from Tennessee [Mr. BASS] is paired with the Senator from Alabama [Mr. SPARKMAN]. If present and voting, the Senator from Tennessee would vote "yea" and the Senator from Alabama would vote "nay."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT] and the Senator from California [Mr. MURPHY] are absent because of illness.

The Senator from Michigan [Mr. GRIFFIN], the Senator from Iowa [Mr. MILLER], the Senator from Massachusetts [Mr. SALTONSTALL] and the Senator from Pennsylvania [Mr. SCOTT] are necessarily absent.

If present and voting, the Senator from California [Mr. MURPHY], and the Senator from Massachusetts [Mr. SALTONSTALL] would each vote "nay."

On this vote, the Senator from Pennsylvania [Mr. SCOTT] is paired with the Senator from Utah [Mr. BENNETT]. If present and voting, the Senator from Pennsylvania would vote "yea" and the Senator from Utah would vote "nay."

On this vote, the Senator from Michigan [Mr. GRIFFIN] is paired with the Senator from Iowa [Mr. MILLER]. If present and voting, the Senator from Michigan would vote "yea" and the Senator from Iowa would vote "nay."

The result was announced—yeas 53, nays 22, as follows:

[No. 217 Leg.]

YEAS—53

Alken	Harris	Morton
Allott	Hart	Moss
Anderson	Inouye	Muskie
Bayh	Jackson	Nelson
Bible	Javits	Pastore
Boggs	Kennedy, Mass.	Pearson
Cannon	Kennedy, N.Y.	Pell
Carlson	Kuchel	Protsy
Case	Lausche	Proxmire
Church	Long, Mo.	Ribicoff
Clark	Mansfield	Smith
Cooper	McGovern	Symington
Dodd	McIntyre	Tydings
Douglas	Metcalf	Williams, N.J.
Ellender	Mondale	Yarborough
Fong	Monroney	Young, N. Dak.
Gore	Montoya	Young, Ohio
Gruening	Morse	

NAYS—22

Byrd, Va.	Hickenlooper	Russell, S.C.
Byrd, W. Va.	Holland	Simpson
Cotton	Hruska	Stennis
Curtis	Jordan, N.C.	Thurmond
Dirksen	Jordan, Idaho	Tower
Dominick	McClellan	Williams, Del.
Ervin	Mundt	
Fannin	Robertson	

NOT VOTING—25

Bartlett	Hayden	Randolph
Bass	Hill	Russell, Ga.
Bennett	Long, La.	Saltonstall
Brewster	Magnuson	Scott
Burdick	McCarthy	Smathers
Eastland	McGee	Sparkman
Fulbright	Miller	Talmadge
Griffin	Murphy	
Hartke	Neuberger	

So the bill (S. 3708) was passed, as follows:

S. 3708

An act to assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Demonstration Cities and Metropolitan Development Act of 1966".

TITLE I—COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

Findings and declaration of purpose

SEC. 101. The Congress hereby finds and declares that improving the quality of urban life is the most critical domestic problem facing the United States. The persistence of widespread urban slums and blight, the concentration of persons of low income in older urban areas, and the unmet needs for additional housing and community facilities and services arising from rapid expansion of our urban population have resulted in a marked deterioration in the quality of the environment and the lives of large numbers of our people while the Nation as a whole prospers.

The Congress further finds and declares that cities, of all sizes, do not have adequate resources to deal effectively with the critical

problems facing them, and that Federal assistance in addition to that now authorized by the urban renewal program and other existing Federal grant-in-aid programs is essential to enable cities to plan, develop, and conduct programs to improve their physical environment, increase their supply of adequate housing for low- and moderate-income people, and provide educational and social services vital to health and welfare.

The purposes of this title are to provide additional financial and technical assistance to enable cities of all sizes (with equal regard to the problems of small as well as large cities) to plan, develop, and carry out locally prepared and scheduled comprehensive city demonstration programs containing new and imaginative proposals to rebuild or revitalize large slum and blighted areas; to expand housing, job, and income opportunities; to reduce dependence on welfare payments; to improve educational facilities and programs; to combat disease and ill health; to reduce the incidence of crime and delinquency; to enhance recreational and cultural opportunities; to establish better access between homes and jobs; and generally to improve living conditions for the people who live in such areas, and to accomplish these objectives through the most effective and economical concentration and coordination of Federal, State, and local public and private efforts to improve the quality of urban life.

Basic authority

SEC. 102. The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to make grants to provide technical assistance, as provided by this title, to enable city demonstration agencies (as defined in section 112(2)) to plan, develop, and carry out comprehensive city demonstration programs in accordance with the purposes of this title.

Eligibility for assistance

SEC. 103. (a) A comprehensive city demonstration program is eligible for assistance under sections 105 and 107 only if—

(1) physical and social problems in the area of the city covered by the program are such that a comprehensive city demonstration program is necessary to carry out the policy of the Congress as expressed in section 101;

(2) the program is of sufficient magnitude to make a substantial impact on the physical and social problems and to remove or arrest blight and decay in entire sections or neighborhoods; to contribute to the sound development of the entire city; to make marked progress in reducing social and educational disadvantages, ill health, underemployment, and enforced idleness; and to provide educational, health, and social services necessary to serve the poor and disadvantaged in the area, widespread citizen participation in the program, maximum opportunities for employing residents of the area in all phases of the program, and enlarged opportunities for work and training;

(3) the program, including rebuilding or restoration, will contribute to a well-balanced city with a substantial increase in the supply of standard housing of low and moderate cost, maximum opportunities in the choice of housing accommodations for all citizens of all income levels, adequate public facilities (including those needed for education, health and social services, transportation and recreation), commercial facilities adequate to serve the residential areas, and ease of access between the residential areas and centers of employment;

(4) the various projects and activities to be undertaken in connection with such programs are scheduled to be initiated within a reasonably short period of time; adequate local resources are, or will be, available for the completion of the program as scheduled,

and, in the carrying out of the program, the fullest utilization possible will be made of private initiative and enterprise; administrative machinery is available at the local level for carrying out the program on a consolidated and coordinated basis; substantive local laws, regulations, and other requirements are, or can be expected to be, consistent with the objectives of the program; there exists a relocation plan meeting the requirements of the regulations referred to in section 107; the local governing body has approved the program and, where appropriate, applications for assistance under the program; agencies whose cooperation is necessary to the success of the program have indicated their intent to furnish such cooperation; the program is consistent with comprehensive planning in the entire urban or metropolitan area; and the locality will maintain, during the period an approved comprehensive city demonstration program is being carried out, a level of aggregate expenditures for activities similar to those being assisted under this title which is not less than the level of aggregate expenditures for such activities prior to initiation of the comprehensive city demonstration program; and

(5) the program meets such additional requirements as the Secretary may establish to carry out the purposes of this title.

(b) In implementing this title the Secretary shall—

(1) emphasize local initiative in the planning, development, and implementation of comprehensive city demonstration programs;

(2) insure, in conjunction with other appropriate Federal departments and agencies and at the direction of the President, maximum coordination of Federal assistance provided in connection with this title, prompt response to local initiative, and maximum flexibility in programing, consistent with the requirements of law and sound administrative practice; and

(3) encourage city demonstration agencies to (A) enhance neighborhoods by applying a high standard of design, (B) maintain, as appropriate, natural and historic sites and distinctive neighborhood characteristics, and (C) make maximum possible use of new and improved technology and design, including cost reduction techniques.

Financial assistance for planning comprehensive city demonstration programs

SEC. 104. (a) The Secretary is authorized to make grants to, and to contract with, city demonstration agencies to pay 80 per centum of the costs of planning and developing comprehensive city demonstration programs.

(b) Financial assistance will be provided under this section only if (1) the application for such assistance has been approved by the local governing body of the city, and (2) the Secretary has determined that there exist (A) administrative machinery through which coordination of all related planning activities of local agencies can be achieved, and (B) evidence that necessary cooperation of agencies engaged in related local planning can be obtained.

Financial assistance for approved comprehensive city demonstration programs

SEC. 105. (a) The Secretary is authorized to approve comprehensive city demonstration programs if, after review of the plans, he determines that such plans satisfy the criteria for such programs set forth in section 103.

(b) The Secretary is authorized to make grants to, and to contract with, city demonstration agencies to pay 80 per centum of the cost of administering approved comprehensive city demonstration programs, but not the cost of administering any project or activity assisted under a Federal grant-in-aid program.

(c) To assist the city to carry out the projects or activities included within an ap-

proved comprehensive city demonstration program, the Secretary is authorized to make grants to the city demonstration agency of not to exceed 80 per centum of the aggregate amount of non-Federal contributions otherwise required to be made to all projects or activities assisted by Federal grant-in-aid programs (as defined in section 112(1)) which are carried out in connection with such demonstration program: *Provided*, That no Federal grant-in-aid program shall be considered to be carried out in connection with such demonstration program unless it is closely related to the physical and social problems in the area of the city covered by the program and unless it can reasonably be expected to have a noticeable effect upon such problems. The specific amount of any such grant shall take into account the number and intensity of the economic and social pressures in the sections or neighborhoods involved, such as those involving or resulting from population density, poverty levels, unemployment rate, public welfare participation, educational levels, health and disease characteristics, crime and delinquency rate, and degree of substandard and dilapidated housing. The amount of non-Federal contribution required for each project in a Federal grant-in-aid program shall be certified to the Secretary by the Federal department or agency (other than the Department of Housing and Urban Development) administering such program, and the Secretary shall accept such certification in computing the grants hereunder.

(d) Grant funds provided to assist projects and activities included within an approved comprehensive city demonstration program pursuant to subsection (c) of this section shall be made available to assist new and additional projects and activities not assisted under a Federal grant-in-aid program. To the extent such funds are not necessary to support fully such new and additional projects and activities, they may be used and credited as part or all of the required non-Federal contribution to projects or activities, assisted under a Federal grant-in-aid program, which are part of an approved comprehensive city demonstration program. Such grant funds, however, shall not be used—

(1) for the general administration of local governments; or

(2) to replace non-Federal contributions in any federally aided project or activity included in an approved comprehensive city demonstration program, if prior to the filing of an application for assistance under section 104 an agreement has been entered into with any Federal agency obligating such non-Federal contributions with respect to such project or activity.

Technical assistance

SEC. 106. The Secretary is authorized to undertake such activities as he determines to be desirable to provide, either directly or by contracts or other arrangements, technical assistance to city demonstration agencies to assist such agencies in planning, developing, and administering comprehensive city demonstration programs.

Relocation requirements and payments

SEC. 107. (a) A comprehensive city demonstration program shall include a plan for the relocation of individuals, families, business concerns, and nonprofit organizations displaced or to be displaced in the carrying out of such program. The relocation plan shall be consistent with regulations prescribed by the Secretary to assure that (1) the provisions and procedures included in the plan meet relocation standards equivalent to those prescribed under section 105(c) of the Housing Act of 1949 with respect to urban renewal projects assisted under title I of that Act, and (2) relocation activities are coordinated to the maximum extent feasible with the increase in the supply of decent, safe, and sani-

tary housing for families and individuals of low or moderate income, as provided under the comprehensive city demonstration program, or otherwise, in order to best maintain the available supply of housing for all such families and individuals throughout the city.

(b)(1) To the extent not otherwise authorized under any Federal law, financial assistance extended to a city demonstration agency under section 105 shall include grants to cover the full cost of relocation payments, as herein defined. Such grants shall be in addition to other financial assistance extended to such agency under section 105.

(2) The term "relocation payments" means payments by a city demonstration agency to a displaced individual, family, business concern, or nonprofit organization which are made on such terms and conditions and subject to such limitations (to the extent applicable, but not including the date of displacement) as are provided for relocation payments, at the time such payments are approved, by sections 114 (b), (c), (d), and (e) of the Housing Act of 1949 with respect to projects assisted under title I thereof.

(c) Subsection (b) shall not be applicable with respect to any displacement occurring prior to the date of the enactment of this Act.

Continued availability of Federal grant-in-aid programs

SEC. 108. Notwithstanding any other provision of law, unless hereafter enacted expressly in limitation of the provisions of this section, funds appropriated for a Federal grant-in-aid program which are reserved for any projects or activities assisted under such grant-in-aid program and undertaken in connection with an approved comprehensive city demonstration program shall remain available until expended.

Consultation

SEC. 109. In carrying out the provisions of this title, including the issuance of regulations, the Secretary shall consult with other Federal departments and agencies administering Federal grant-in-aid programs. The Secretary shall consult with each Federal department and agency affected by each comprehensive city demonstration program before entering into a commitment to make grants for such program under section 105.

Labor standards

SEC. 110. (a) All laborers and mechanics employed by contractors or subcontractors in the construction, rehabilitation, alteration, or repair of projects which—

(1) are federally assisted in whole or in part under this title and

(2) are not otherwise subject to section 212 of the National Housing Act, section 16(2) of the United States Housing Act of 1937, section 109 of the Housing Act of 1949, or any other provision of Federal law imposing labor standards on federally assisted construction,

shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5): *Provided*, That this section shall apply to the construction, rehabilitation, alteration, or repair of residential property only if such residential property is designed for residential use for eight or more families. No financial assistance shall be extended to any such projects unless adequate assurance is first obtained that these labor standards will be maintained upon the construction work.

(b) The Secretary of Labor shall have, with respect to labor standards specified in subsection (a), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 1332-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C.

276c). and the Contract Work Hours Standards Act (76 Stat. 357).

Appropriations

SEC. 111. (a) There are authorized to be appropriated, for the purpose of financial assistance and administrative expenses under section 104, not to exceed \$12,000,000 for the fiscal year ending June 30, 1967, and not to exceed \$12,000,000 for the fiscal year ending June 30, 1968.

(b) There are authorized to be appropriated, for the purpose of financial assistance and administrative expenses under sections 105, 106, and 107, not to exceed \$400,000,000 for the fiscal year ending June 30, 1968, and not to exceed \$500,000,000 for the fiscal year ending June 30, 1969.

(c) Appropriations authorized under this section shall remain available until expended.

Definitions

SEC. 112. As used in this title—

(1) "Federal grant-in-aid program" means a program of Federal financial assistance other than loans and other than the assistance provided by this title.

(2) "City demonstration agency" means the city, the county, or any local public agency established or designated by the local governing body of such city or county to administer the comprehensive city demonstration program.

(3) "City" means any municipality (or two or more municipalities acting jointly), or any county or other public body (or two or more acting jointly) having general governmental powers.

(4) "Local" agencies include State agencies and instrumentalities providing services or resources to a city or locality, and "local" resources include those provided to a city or locality by a State or its agency or instrumentality.

Grant authority for urban renewal projects which are part of approved comprehensive city demonstration programs

SEC. 113. Section 103(b) of the Housing Act of 1949 is amended by inserting after the first sentence of the following new sentence: "In addition to the authority to make grants provided in the first sentence of this subsection, the Secretary may contract to make grants under this title, on or after July 1, 1967, in an amount not to exceed \$250,000,000: *Provided*, That the authority to contract to make grants provided by this sentence shall be exercised only with respect to an urban renewal project which is identified and scheduled to be carried out as one of the projects or activities included within an approved comprehensive city demonstration program assisted under the provisions of section 105(c) of the Demonstration Cities and Metropolitan Development Act of 1966".

State limitation

SEC. 114. Grants made under section 105 for projects in any one State shall not exceed in the aggregate 15 per centum of the aggregate amount of funds authorized to be appropriated under section 111.

TITLE II—PLANNED METROPOLITAN DEVELOPMENT

Findings and declaration of purpose

SEC. 201. (a) The Congress hereby finds that the welfare of the Nation and of its people is directly dependent upon the sound and orderly development and the effective organization and functioning of the metropolitan areas in which two-thirds of its people live and work.

It further finds that the continuing rapid growth of these areas makes it essential that they prepare, keep current, and carry out comprehensive plans and programs for their orderly physical development with a view to meeting efficiently all their economic and social needs.

It further finds that metropolitan areas are especially handicapped in this task by

the complexity and scope of governmental services required in such rapidly growing areas, the multiplicity of political jurisdictions and agencies involved, and the inadequacy of the operational and administrative arrangements available for cooperation among them.

It further finds that present requirements for areawide planning and programming in connection with various Federal programs have materially assisted in the solution of metropolitan problems, but that greater coordination of Federal programs and additional participation and cooperation are needed from the States and localities in perfecting and carrying out such efforts.

(b) It is the purpose of this title to provide, through greater coordination of Federal programs and through supplementary grants for certain federally assisted development projects, additional encouragement and assistance to States and localities for making comprehensive metropolitan planning and programming effective.

Cooperation between Federal agencies

SEC. 202. In order to insure that all Federal programs related to metropolitan development are carried out in a coordinated manner—

(1) the Secretary is authorized to call upon other Federal agencies to supply such statistical data, program reports, and other materials as he deems necessary to discharge his responsibilities for metropolitan development, and to assist the President in coordinating the metropolitan development efforts of all Federal agencies; and

(2) all Federal agencies which are engaged in administering programs related to metropolitan development, or which otherwise perform functions relating thereto, shall, to the maximum extent practicable, consult with and seek advice from all other significantly affected Federal departments and agencies in an effort to assure fully coordinated programs.

Metropolitan expeditors

SEC. 203. Upon the request of one or more duly authorized local officials and after consultation with local governmental authorities in a metropolitan area, the Secretary may appoint a metropolitan expeditor for such area whenever he finds a need for the services specified in this section. The metropolitan expeditor shall provide information, data, and assistance to local authorities and private individuals and entities within the metropolitan area, and to all relevant Federal departments and agencies, with respect to all programs and activities conducted within such metropolitan area by the Department of Housing and Urban Development, and with respect to other public and private activities and needs within such metropolitan area which relate to the programs and activities of the Department.

Coordination of Federal aids in metropolitan areas

SEC. 204. (a) All applications made after June 30, 1967, for Federal loans or grants to assist in carrying out open-space land projects or for the planning or construction of hospitals, airports, libraries, water supply and distribution facilities, sewerage facilities and waste treatment works, highways, transportation facilities, and water development and land conservation projects within any metropolitan area shall be submitted for review—

(1) to any areawide agency designated to perform metropolitan or regional planning for the area within which the assistance is to be used, and which is, to the greatest practicable extent, composed of or responsible to the elected officials of the units of general local government within whose jurisdiction such agency is authorized to engage in such planning; and

(2) if made by a special purpose unit of local government, to the unit or units of

general local government with authority to operate in the area within which the project is to be located.

(b) (1) Except as provided in paragraph (2) of this subsection, each application shall be accompanied (A) by the comments and recommendations with respect to the project involved by the areawide agency and governing bodies of the units of general local government to which the application has been submitted for review, and (B) by a statement by the applicant that such comments and recommendations have been considered prior to formal submission of the application. Such comments shall include information concerning the extent to which the project is consistent with comprehensive planning developed or in the process of development for the metropolitan area or the unit of general local government, as the case may be, and the extent to which such project contributes to the fulfillment of such planning. The comments and recommendations and the statement referred to in this section shall, except in the case referred to in paragraph (2) of this subsection, be reviewed by the agency of the Federal Government to which such application is submitted for the sole purpose of assisting it in determining whether the application is in accordance with the provisions of Federal law which govern the making of the loans or grants.

(2) An application for a Federal loan or grant need not be accompanied by the comments and recommendations and the statements referred to in paragraph (1) of this subsection, if the applicant certifies that a plan or description of the project, meeting the requirements of such rules and regulations as may be prescribed under subsection (c), or such application, has lain before an appropriate areawide agency or instrumentality or unit of general local government for a period of sixty days without comments or recommendations thereon being made by such agency or instrumentality.

(3) The requirements of paragraphs (1) and (2) shall also apply to any amendment of the application which, in light of the purposes of this title, involves a major change in the project covered by the application prior to such amendment.

(c) The Bureau of the Budget, or such other agency as may be designated by the President, is hereby authorized to prescribe such rules and regulations as are deemed appropriate for the effective administration of this section.

Grants to assist in planned metropolitan development

SEC. 205 (a) The Secretary is authorized to make supplementary grants to applicant State and local public bodies and agencies carrying out, or assisting in carrying out, metropolitan development projects meeting the requirements of this section.

(b) Grants may be made under this section only for metropolitan development projects in metropolitan areas for which it has been demonstrated, to the satisfaction of the Secretary, that—

(1) metropolitanwide comprehensive planning and programming provide an adequate basis for evaluating (A) the location, financing, and scheduling of individual public facility projects (including, but not limited to hospitals and libraries; sewer, water, and sewage treatment facilities; highway, mass transit, airport, and other transportation facilities; and recreation and other open-space areas) whether or not federally assisted; and (B) other proposed land development or uses, which projects or uses, because of their size, density, type, or location, have public metropolitanwide or interjurisdictional significance;

(2) adequate metropolitanwide institutional or other arrangements exist for coordinating, on the basis of such metropolitanwide comprehensive planning and program-

ing, local public policies and activities affecting the development of the area; and

(3) public facility projects and other land development or uses which have a major impact on the development of the area are, in fact, being carried out in accord with such metropolitanwide comprehensive planning and programing.

(c)(1) Where the applicant for a grant under this section is a unit of general local government, it must demonstrate to the satisfaction of the Secretary that, taking into consideration the scope of its authority and responsibilities it is adequately assuring that public facility projects and other land development or uses of public metropolitanwide or interjurisdictional significance are being, and will be, carried out in accord with metropolitan planning and programing meeting the requirements of subsection (b). In making this determination the Secretary shall give special consideration to whether the applicant is effectively assisting in, and conforming to, metropolitan planning and programing through (A) the location and scheduling of public facility projects, whether or not federally assisted; and (B) the establishment and consistent administration of zoning codes, subdivision regulations, and similar land-use and density controls.

(2) Where the applicant for a grant under this section is not a unit of general local government, both it and the unit of general local government having jurisdiction over the location of the project must meet the requirements of this subsection.

(d) In making the determinations required under this section, the Secretary shall obtain, and give full consideration to, the comments of the body or bodies (State or local) responsible for comprehensive planning and programing for the metropolitan area.

(e) No grant shall be made under this section with respect to a metropolitan development project for which a Federal grant has been made or a contract of assistance has been entered into, under the legislation referred to in paragraph (2) of section 208, prior to February 21, 1966, or more than one year prior to the date on which the Secretary has made the determinations required under this section with respect to the applicant and to the area in which the project is located: *Provided*, That in the case of a project for which a contract of assistance under the legislation referred to in paragraph (2) of section 208 has been entered into after June 30, 1967, no grant shall be made under this section unless an application for such grant has been made on or before the date of such contract.

Extent of grant

SEC. 206. (a) A grant under section 205 shall not exceed (1) 20 per centum of the cost of the project for which the grant is made; nor (2) the Federal grant made with respect to the project under the legislation referred to in paragraph (2) of section 208. In no case shall the total Federal contributions to the cost of such project be more than 80 per centum. Notwithstanding any other provision of law, including requirements with respect to non-Federal contributions, grants under section 205 shall be eligible for inclusion (directly or through refunds or credits) as part of the financing for such projects: *Provided*, That projects or activities on the basis of which assistance is provided under section 105(c) shall not be eligible for assistance under section 205.

(b) There are authorized to be appropriated for grants under section 205 not to exceed \$25,000,000 for the fiscal year ending June 30, 1967, and not to exceed \$50,000,000 for the fiscal year ending June 30, 1968. Appropriations authorized under this section shall remain available until expended.

Consultation and certification

SEC. 207. In carrying out his authority under section 205, including the issuance of regulations, the Secretary shall consult with the Department of the Interior; the Department of Health, Education, and Welfare; the Department of Commerce; and the Federal Aviation Agency with respect to metropolitan development projects assisted by those departments and agencies; and he shall, for the purpose of section 206, accept their respective certifications as to the cost of those projects and the amount of the non-Federal contribution paid or to be paid to that cost.

Definitions

SEC. 208. As used in this title—

(1) "Metropolitan development" means all projects or programs for the acquisition, use, and development of open space land; and the planning and construction of hospitals, libraries, airports, water supply and distribution facilities, sewerage facilities and waste treatment works, transportation facilities, highways, water development and land conservation, and other public works facilities.

(2) "Metropolitan development project" means a project assisted or to be assisted under section 702 of the Housing and Urban Development Act of 1965; title II of the Library Services and Construction Act; section 606 of the Public Health Service Act; section 8 of the Federal Water Pollution Control Act; section 120(a) of title 23, United States Code; section 9 of the Federal Airport Act; section 3 of the Urban Mass Transportation Act of 1964; title VII of the Housing Act of 1961; section 5(e) of the Land and Water Conservation Fund Act of 1965; or section 101(a)(1) of the Public Works and Economic Development Act of 1965 (for a project of a type which the Secretary determines to be eligible for assistance under the other provisions listed above).

(3) "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or an agency or instrumentality of any of the foregoing.

(4) "Metropolitan area" means a standard metropolitan statistical area as established by the Bureau of the Budget, subject however to such modifications and extensions as the Secretary may determine to be appropriate for the purposes of this title.

(5) "Comprehensive planning" includes the following, to the extent directly related to area needs or needs of a unit of general local government, (A) preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities, including transportation facilities; (B) programing of capital improvements based on a determination of relative urgency; (C) long-range fiscal plans for implementing such plans and programs; and (D) proposed regulatory and administrative measures which aid in achieving coordination of all related plans of the departments or subdivisions of the governments concerned and intergovernmental coordination of related planned activities among the State and local governmental agencies concerned.

(6) "Hospital" means any public health center or general, tuberculosis, mental, chronic disease, and other type of hospital and related facilities, such as laboratories, outpatient departments, nurses' home and training facilities, and central service facilities normally operated in connection with hospitals, but does not include any hospital furnishing primarily domiciliary care.

(7) "Areawide agency" means an official State or metropolitan or regional agency empowered under State or local laws or under an interstate compact or agreement to perform comprehensive planning in an area; an

organization of the type referred to in section 701(g) of the Housing Act of 1954; or such other agency or instrumentality as may be designated by the Governor (or, in the case of metropolitan areas crossing State lines, any one or more of such agencies or instrumentalities as may be designated by the Governors of the States involved) to perform such planning.

(8) "Special purpose unit of local government" means any special district, public-purpose corporation, or other limited-purpose political subdivision of a State, but shall not include a school district.

(9) "Unit of general local government" means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

(10) "Secretary" means the Secretary of Housing and Urban Development.

State limitation

SEC. 209. Grants made under section 205 for projects in any one State shall not exceed in the aggregate 15 per centum of the aggregate amount of funds authorized to be appropriated, pursuant to section 206(b).

TITLE III—URBAN INFORMATION AND TECHNICAL ASSISTANCE SERVICES

Purpose

SEC. 301. It is the purpose of this title to assist States and metropolitan area agencies to make available information and data on urban needs and assistance programs and activities through centers established for such purpose, and to provide technical assistance through such centers to small communities with respect to the solution of urban problems.

Grant authority

SEC. 302. (a) The Secretary is authorized to make grants to States and metropolitan-area agencies to help finance programs for the assembly, correlation, and dissemination of information and data needed for improving, coordinating, and more effectively utilizing governmental and other programs and activities available for the solution of local urban problems and to provide technical assistance to small communities with respect to the solution of such problems. Activities aided by such grants shall include—

(1) the planning and establishment of urban information and technical assistance centers;

(2) the assembly, correlation, and dissemination of urban physical, social, and economic development information and data through such centers for the purpose of informing local governments, organizations, and individuals of the availability and status of Federal, State, and local programs and other resources and data for the solution of urban problems; and

(3) providing, through such centers, technical assistance with respect to the solution of urban problems to any small community requesting such assistance.

(b) A program assisted under this section shall—

(1) specify the information and technical assistance activities to be carried on and justify the needs for the costs of such activities; and

(2) represent substantially increased or improved activities on the part of the applicant State or metropolitan-area agency.

Extent of activities

SEC. 303. (a) An urban information and technical assistance center established by a metropolitan-area agency under this title shall be directed primarily to the provision of (1) informational services of general metropolitanwide utility, and (2) informational services and technical assistance of utility to the communities within that metropolitan area.

(b) An urban information and technical assistance center established by a State

under this title shall be directed primarily to the provision of (1) informational services of general statewide utility, and (2) informational services and technical assistance of utility to communities not within metropolitan areas for which information centers have been established under this title.

Amount of grant

SEC. 304. (a) A grant under this section shall not exceed 50 per centum of the cost of the activities carried on under an approved urban information and technical assistance program.

(b) No grant shall be made under this title to assist in assembling data, or providing information, to be used primarily in the day-to-day operations of State or local governing bodies and agencies.

Cooperation and coordination

SEC. 305. (a) Federal departments and agencies shall cooperate with States and metropolitan-area agencies in providing information to assist in carrying out the purpose of this title.

(b) In the administration of this title, the Secretary shall seek to ensure the greatest practicable cooperation and coordination as between the various urban information and technical assistance centers established under this title.

Definitions

SEC. 306. As used in this title—

(1) "State" means any State of the United States, the Commonwealth of Puerto Rico, the Virgin Islands, or an agency or instrumentality designated by the chief executive of any of the foregoing, or a statewide agency or instrumentality of its political subdivisions designated by such chief executive.

(2) "Metropolitan area" means a standard metropolitan statistical area as established by the Bureau of the Budget, subject however to such modifications and extensions as the Secretary may determine to be appropriate.

(3) "Metropolitan-area agency" means (A) an organization or body composed of public officials which the Secretary determines to be representative of the political jurisdictions encompassing a metropolitan area; or (B) where no such organization exists and can qualify for a grant under this title, a public body or agency (i) designated by the governing body of that political jurisdiction within the area which contains the largest population, according to the most recent decennial census, and (ii) concurred in by other local political jurisdictions which, together with the designating jurisdiction, contain at least two-thirds of the population of the area.

(4) "Small community" means any municipality or other political subdivision of a State having a population of twenty-five thousand or less.

(5) "Secretary" means the Secretary of Housing and Urban Development.

Appropriations

SEC. 307. There are authorized to be appropriated for the purpose of carrying out the provisions of this title not to exceed \$5,000,000 for the fiscal year ending June 30, 1967, and not to exceed \$10,000,000 for the fiscal year ending June 30, 1968. Appropriations authorized under this section shall remain available until expended.

TITLE IV—MISCELLANEOUS

Study concerning relief of homeowners in proximity to airports

SEC. 401. Section 1113 of the Housing and Urban Development Act of 1965 is amended—

(1) by inserting "(a)" after "SEC. 1113";

(2) by striking out "one year after the date of the enactment of this Act" and inserting in lieu thereof "six months after the date of the enactment of the Demonstration Cities and Metropolitan Development Act of 1966"; and

(3) by adding at the end thereof the following new subsection:

"(b) There is authorized to be appropriated the sum of \$100,000 to carry out subsection (a)."

Mr. MUSKIE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. DOUGLAS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized and directed to make all necessary clerical and technical changes in the engrossed bill, S. 3708.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, we witnessed today the Senate at its best. It has been some time since I have witnessed such excellence in debate in this Chamber. The junior Senator from Maine [Mr. MUSKIE] has demonstrated today the type of leadership in managing a bill that could be equaled by very few in the Senate. His grasp of the subject matter of the underlying problems of our great metropolitan areas is unsurpassed in this body. As the debate brought out, the State of Maine will not benefit directly from the passage of this measure; it and every State of the Union, large or small, will benefit by directing this Nation's attention and effort toward some of the deeper aspects of a national problem. The Nation has benefited by the leadership given this measure by the junior Senator from Maine. Even the most experienced in this body have marveled at his eloquence and his uncanny finesse and expertise in managing so controversial a measure. Its overwhelming passage today is attributable almost solely to his remarkable performance.

I would like also to commend the ranking minority member of this subcommittee, the junior Senator from Texas [Mr. TOWER], for his unflinching cooperation in expeditiously handling this controversial measure; he was, as always, most articulate.

I desire also to commend the junior Senator from Arkansas [Mr. FULBRIGHT] for his significant and eloquent contribution; today on this measure, as on all occasions in which he participates, he demonstrates and stimulates excellence of debate and clarity of thought. In like manner, I desire to commend the senior Senator from Rhode Island [Mr. PASTORE], the Senators from New York [Mr. JAVITS and Mr. KENNEDY], the senior Senator from Ohio [Mr. LAUSCHE], and the senior Senator from Louisiana [Mr. ELLENDER] for their significant contributions in this debate.

As always, I desire to thank the distinguished minority leader [Mr. DIRKSEN] and the entire Senate for their cooperation in facilitating the handling of this measure. It is the leadership's hope that the momentum gained today can continue for the next 2 weeks, so that our adjournment date may be obtained in ample time prior to the fall elections.

Mr. FULBRIGHT subsequently said: Mr. President, I am sorry that I was not present at the vote on the demonstration

cities bill. I was at the State Department and was unable to return to the Senate in time. Had I been able to be here in time, I would certainly have voted for the passage of the bill, as I made clear earlier this morning. I merely desire to have the RECORD show that I was at the State Department and unfortunately could not return to the Senate in time for the vote.

ORDER FOR ADJOURNMENT TO MONDAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, when the Senate completes its business today, it meet at 12 o'clock on Monday rather than at 11 o'clock, as previously ordered.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT OF THE FEDERAL AVIATION ACT OF 1958

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1444, S. 3197.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 3197) to amend section 416 of the Federal Aviation Act of 1958.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Commerce with an amendment to strike out all after the enacting clause and insert:

That subsection (b) of section 416 of the Federal Aviation Act of 1958 (49 U.S.C. 1386) is amended by adding at the end thereof the following new paragraph:

"(3)(A) If one or more air carriers, whether or not then holding a certificate to engage in foreign air transportation, have filed an application under section 401 of this Act for a certificate to engage in foreign air transportation, the Board may, subject to the provisions of subparagraph (B) of this paragraph, exempt such air carrier or carriers from the enforcement of such section with respect to any air transportation covered by such application, for a period not to exceed two years, subject to renewal, following the effective date of the order of such exemption, or the period terminating 60 days after the final decision by the Board on such application, whichever period is shorter, if the Board finds, after giving notice and an opportunity for interested parties to present their views to the Board, that the national interest, and the development and promotion of United States-flag international air transportation, are, or would be, adversely affected by reason of the operations of a foreign air carrier or carriers serving the United States if such exemption or exemptions were not granted, and that it is in the public interest to grant such exemption or exemptions. Application for an exemption pursuant to this paragraph shall be made in writing to the Board.

"(B) In carrying out the provisions of this paragraph, the Board (i) may not exempt any air carrier from any provision of section 401 of this Act unless the Board finds that it does not reasonably expect to dispose of the pertinent application for a certificate filed by such air carrier under such section

89TH CONGRESS
2^D SESSION

S. 3708

IN THE HOUSE OF REPRESENTATIVES

AUGUST 22, 1966

Referred to the Committee on Banking and Currency

AN ACT

To assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That this Act may be cited as the "Demonstration Cities
- 4 and Metropolitan Development Act of 1966".

1 TITLE I—COMPREHENSIVE CITY DEMONSTRA-
2 TION PROGRAMS

3 FINDINGS AND DECLARATION OF PURPOSE

4 SEC. 101. The Congress hereby finds and declares that
5 improving the quality of urban life is the most critical do-
6 mestic problem facing the United States. The persistence
7 of widespread urban slums and blight, the concentration of
8 persons of low income in older urban areas, and the unmet
9 needs for additional housing and community facilities and
10 services arising from rapid expansion of our urban popula-
11 tion have resulted in a marked deterioration in the quality
12 of the environment and the lives of large numbers of our
13 people while the Nation as a whole prospers.

14 The Congress further finds and declares that cities, of
15 all sizes, do not have adequate resources to deal effectively
16 with the critical problems facing them, and that Federal
17 assistance in addition to that now authorized by the urban
18 renewal program and other existing Federal grant-in-aid
19 programs is essential to enable cities to plan, develop, and
20 conduct programs to improve their physical environment,
21 increase their supply of adequate housing for low- and mod-
22 erate-income people, and provide educational and social
23 services vital to health and welfare.

24 The purposes of this title are to provide additional finan-

1 cial and technical assistance to enable cities of all sizes (with
2 equal regard to the problems of small as well as large cities)
3 to plan, develop, and carry out locally prepared and sched-
4 uled comprehensive city demonstration programs containing
5 new and imaginative proposals to rebuild or revitalize large
6 slum and blighted areas; to expand housing, job, and income
7 opportunities; to reduce dependence on welfare payments; to
8 improve educational facilities and programs; to combat dis-
9 ease and ill health; to reduce the incidence of crime and de-
10 linquency; to enhance recreational and cultural opportunities;
11 to establish better access between homes and jobs; and gen-
12 erally to improve living conditions for the people who live
13 in such areas, and to accomplish these objectives through the
14 most effective and economical concentration and coordina-
15 tion of Federal, State, and local public and private efforts
16 to improve the quality of urban life.

17 BASIC AUTHORITY

18 SEC. 102. The Secretary of Housing and Urban De-
19 velopment (hereinafter referred to as the "Secretary") is
20 authorized to make grants and provide technical assistance,
21 as provided by this title, to enable city demonstration agen-
22 cies (as defined in section 112 (2)) to plan, develop, and
23 carry out comprehensive city demonstration programs in ac-
24 cordance with the purposes of this title.

ELIGIBILITY FOR ASSISTANCE

SEC. 103. (a) A comprehensive city demonstration program is eligible for assistance under sections 105 and 107 only if—

(1) physical and social problems in the area of the city covered by the program are such that a comprehensive city demonstration program is necessary to carry out the policy of the Congress as expressed in section 101;

(2) the program is of sufficient magnitude to make a substantial impact on the physical and social problems and to remove or arrest blight and decay in entire sections or neighborhoods; to contribute to the sound development of the entire city; to make marked progress in reducing social and educational disadvantages, ill health, underemployment, and enforced idleness; and to provide educational, health, and social services necessary to serve the poor and disadvantaged in the area, widespread citizen participation in the program, maximum opportunities for employing residents of the area in all phases of the program, and enlarged opportunities for work and training;

(3) the program, including rebuilding or restoration, will contribute to a well-balanced city with a substantial increase in the supply of standard housing of

low and moderate cost, maximum opportunities in the choice of housing accommodations for all citizens of all income levels, adequate public facilities (including those needed for education, health and social services, transportation and recreation), commercial facilities adequate to serve the residential areas, and ease of access between the residential areas and centers of employment;

(4) the various projects and activities to be undertaken in connection with such programs are scheduled to be initiated within a reasonably short period of time; adequate local resources are, or will be, available for the completion of the program as scheduled, and, in the carrying out of the program, the fullest utilization possible will be made of private initiative and enterprise; administrative machinery is available at the local level for carrying out the program on a consolidated and coordinated basis; substantive local laws, regulations, and other requirements are, or can be expected to be, consistent with the objectives of the program; there exists a relocation plan meeting the requirements of the regulations referred to in section 107; the local governing body has approved the program and, where appropriate, applications for assistance under the program; agencies whose cooperation is necessary to the success of the program have indicated their intent to furnish such coopera-

tion; the program is consistent with comprehensive planning in the entire urban or metropolitan area; and the locality will maintain, during the period an approved comprehensive city demonstration program is being carried out, a level of aggregate expenditures for activities similar to those being assisted under this title which is not less than the level of aggregate expenditures for such activities prior to initiation of the comprehensive city demonstration program; and

(5) the program meets such additional requirements as the Secretary may establish to carry out the purposes of this title.

(b) In implementing this title the Secretary shall—

(1) emphasize local initiative in the planning, development, and implementation of comprehensive city demonstration programs;

(2) insure, in conjunction with other appropriate Federal departments and agencies and at the direction of the President, maximum coordination of Federal assistance provided in connection with this title, prompt response to local initiative, and maximum flexibility in programing, consistent with the requirements of law and sound administrative practice; and

(3) encourage city demonstration agencies to (A) enhance neighborhoods by applying a high standard of

design, (B) maintain, as appropriate, natural and historic sites and distinctive neighborhood characteristics, and (C) make maximum possible use of new and improved technology and design, including cost reduction techniques.

FINANCIAL ASSISTANCE FOR PLANNING COMPREHENSIVE
CITY DEMONSTRATION PROGRAMS

SEC. 104. (a) The Secretary is authorized to make grants to, and to contract with, city demonstration agencies to pay 80 per centum of the costs of planning and developing comprehensive city demonstration programs.

(b) Financial assistance will be provided under this section only if (1) the application for such assistance has been approved by the local governing body of the city, and (2) the Secretary has determined that there exist (A) administrative machinery through which coordination of all related planning activities of local agencies can be achieved, and (B) evidence that necessary cooperation of agencies engaged in related local planning can be obtained.

FINANCIAL ASSISTANCE FOR APPROVED COMPREHENSIVE
CITY DEMONSTRATION PROGRAMS

SEC. 105. (a) The Secretary is authorized to approve comprehensive city demonstration programs if, after review of the plans, he determines that such plans satisfy the criteria for such programs set forth in section 103.

1 (b) The Secretary is authorized to make grants to, and
2 to contract with, city demonstration agencies to pay 80 per
3 centum of the cost of administering approved comprehensive
4 city demonstration programs, but not the cost of adminis-
5 tering any project or activity assisted under a Federal grant-
6 in-aid program.

7 (c) To assist the city to carry out the projects or activ-
8 ities included within an approved comprehensive city dem-
9 onstration program, the Secretary is authorized to make
10 grants to the city demonstration agency of not to exceed
11 80 per centum of the aggregate amount of non-Federal
12 contributions otherwise required to be made to all projects
13 or activities assisted by Federal grant-in-aid programs (as
14 defined in section 112 (1)) which are carried out in connec-
15 tion with such demonstration program: *Provided*, That no
16 Federal grant-in-aid program shall be considered to be car-
17 ried out in connection with such demonstration program
18 unless it is closely related to the physical and social problems
19 in the area of the city covered by the program and unless
20 it can reasonably be expected to have a noticeable effect
21 upon such problems. The specific amount of any such grant
22 shall take into account the number and intensity of the
23 economic and social pressures in the sections or neighbor-
24 hoods involved, such as those involving or resulting from
25 population density, poverty levels, unemployment rate, pub-

1 lic welfare participation, educational levels, health and dis-
2 ease characteristics, crime and delinquency rate, and degree
3 of substandard and dilapidated housing. The amount of
4 non-Federal contribution required for each project in a
5 Federal grant-in-aid program shall be certified to the Secre-
6 tary by the Federal department or agency (other than the
7 Department of Housing and Urban Development) admin-
8 istering such program, and the Secretary shall accept such
9 certification in computing the grants hereunder.

10 (d) Grant funds provided to assist projects and activ-
11 ities included within an approved comprehensive city demon-
12 stration program pursuant to subsection (c) of this section
13 shall be made available to assist new and additional projects
14 and activities not assisted under a Federal grant-in-aid pro-
15 gram. To the extent such funds are not necessary to support
16 fully such new and additional projects and activities, they
17 may be used and credited as part or all of the required non-
18 Federal contribution to projects or activities, assisted under
19 a Federal grant-in-aid program, which are part of an ap-
20 proved comprehensive city demonstration program. Such
21 grant funds, however, shall not be used—

22 (1) for the general administration of local govern-
23 ments; or

24 (2) to replace non-Federal contributions in any

1 federally aided project or activity included in an ap-
2 proved comprehensive city demonstration program, if
3 prior to the filing of an application for assistance under
4 section 104 an agreement has been entered into with
5 any Federal agency obligating such non-Federal con-
6 tributions with respect to such project or activity.

7 **TECHNICAL ASSISTANCE**

8 SEC. 106. The Secretary is authorized to undertake such
9 activities as he determines to be desirable to provide, either
10 directly or by contracts or other arrangements, technical
11 assistance to city demonstration agencies to assist such agen-
12 cies in planning, developing, and administering compre-
13 hensive city demonstration programs.

14 **RELOCATION REQUIREMENTS AND PAYMENTS**

15 SEC. 107. (a) A comprehensive city demonstration
16 program shall include a plan for the relocation of individuals,
17 families, business concerns, and nonprofit organizations dis-
18 placed or to be displaced in the carrying out of such pro-
19 gram. The relocation plan shall be consistent with regu-
20 lations prescribed by the Secretary to assure that (1) the
21 provisions and procedures included in the plan meet relo-
22 cation standards equivalent to those prescribed under sec-
23 tion 105 (c) of the Housing Act of 1949 with respect to
24 urban renewal projects assisted under title I of that Act,
25 and (2) relocation activities are coordinated to the maxi-

1 num extent feasible with the increase in the supply of decent,
2 safe, and sanitary housing for families and individuals of low
3 or moderate income, as provided under the comprehensive
4 city demonstration program, or otherwise, in order to best
5 maintain the available supply of housing for all such families
6 and individuals throughout the city.

7 (b) (1) To the extent not otherwise authorized under
8 any Federal law, financial assistance extended to a city
9 demonstration agency under section 105 shall include grants
10 to cover the full cost of relocation payments, as herein de-
11 fined. Such grants shall be in addition to other financial
12 assistance extended to such agency under section 105.

13 (2) The term "relocation payments" means payments
14 by a city demonstration agency to a displaced individual,
15 family, business concern, or nonprofit organization which
16 are made on such terms and conditions and subject to such
17 limitations (to the extent applicable, but not including the
18 date of displacement) as are provided for relocation pay-
19 ments, at the time such payments are approved, by sections
20 114 (b), (c), (d), and (e) of the Housing Act of 1949
21 with respect to projects assisted under title I thereof.

22 (c) Subsection (b) shall not be applicable with respect
23 to any displacement occurring prior to the date of the enact-
24 ment of this Act.

1 CONTINUED AVAILABILITY OF FEDERAL GRANT-IN-AID
2 PROGRAMS

3 SEC. 108. Notwithstanding any other provision of law,
4 unless hereafter enacted expressly in limitation of the pro-
5 visions of this section, funds appropriated for a Federal
6 grant-in-aid program which are reserved for any projects or
7 activities assisted under such grant-in-aid program and un-
8 dertaken in connection with an approved comprehensive city
9 demonstration program shall remain available until expended.

10 CONSULTATION

11 SEC. 109. In carrying out the provisions of this title,
12 including the issuance of regulations, the Secretary shall
13 consult with other Federal departments and agencies ad-
14 ministering Federal grant-in-aid programs. The Secretary
15 shall consult with each Federal department and agency
16 affected by each comprehensive city demonstration program
17 before entering into a commitment to make grants for
18 such program under section 105.

19 LABOR STANDARDS

20 SEC. 110. (a) All laborers and mechanics employed
21 by contractors or subcontractors in the construction, re-
22 habilitation, alteration, or repair of projects which—

23 (1) are federally assisted in whole or in part under
24 this title and

1 (2) are not otherwise subject to section 212 of the
2 National Housing Act, section 16(2) of the United
3 State Housing Act of 1937, section 109 of the Housing
4 Act of 1949, or any other provision of Federal law
5 imposing labor standards on federally assisted construc-
6 tion,
7 shall be paid wages at rates not less than those prevailing
8 on similar construction in the locality as determined by the
9 Secretary of Labor in accordance with the Davis-Bacon
10 Act, as amended (40 U.S.C. 276a-276a-5) : *Provided*, That
11 this section shall apply to the construction, rehabilitation,
12 alteration, or repair of residential property only if such resi-
13 dential property is designed for residential use for eight or
14 more families. No financial assistance shall be extended to
15 any such projects unless adequate assurance is first obtained
16 that these labor standards will be maintained upon the con-
17 struction work.

18 (b) The Secretary of Labor shall have, with respect
19 to labor standards specified in subsection (a), the authority
20 and functions set forth in Reorganization Plan Numbered
21 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-
22 15), and section 2 of the Act of June 13, 1934, as amended
23 (48 Stat. 948; 40 U.S.C. 276c), and the Contract Work
24 Hours Standards Act (76 Stat. 357).

APPROPRIATIONS

2 SEC. 111. (a) There are authorized to be appropriated,
3 for the purpose of financial assistance and administrative
4 expenses under section 104, not to exceed \$12,000,000 for
5 the fiscal year ending June 30, 1967, and not to exceed
6 \$12,000,000 for the fiscal year ending June 30, 1968.

(b) There are authorized to be appropriated, for the purpose of financial assistance and administrative expenses under sections 105, 106, and 107, not to exceed \$400,000,000 for the fiscal year ending June 30, 1968, and not to exceed \$500,000,000 for the fiscal year ending June 30, 1969.

13 (c) Appropriations authorized under this section shall
14 remain available until expended.

DEFINITIONS

16 SEC. 112. As used in this title—

(1) "Federal grant-in-aid program" means a program of Federal financial assistance other than loans and other than the assistance provided by this title.

(2) "City demonstration agency" means the city, the county, or any local public agency established or designated by the local governing body of such city or county to administer the comprehensive city demonstration program.

24 (3) "City" means any municipality (or two or more

1 municipalities acting jointly), or any county or other public
2 body (or two or more acting jointly) having general govern-
3 mental powers.

4 (4) "Local" agencies include State agencies and in-
5 strumentalities providing services or resources to a city or
6 locality, and "local" resources include those provided to a
7 city or locality by a State or its agency or instrumentality.

8 GRANT AUTHORITY FOR URBAN RENEWAL PROJECTS
9 WHICH ARE PART OF APPROVED COMPREHENSIVE
10 CITY DEMONSTRATION PROGRAMS

11 SEC. 113. Section 103 (b) of the Housing Act of 1949
12 is amended by inserting after the first sentence the follow-
13 ing new sentence: "In addition to the authority to make
14 grants provided in the first sentence of this subsection, the
15 Secretary may contract to make grants under this title, on or
16 after July 1, 1967, in an amount not to exceed \$250,000,-
17 000: *Provided*, That the authority to contract to make
18 grants provided by this sentence shall be exercised only
19 with respect to an urban renewal project which is identified
20 and scheduled to be carried out as one of the projects or
21 activities included within an approved comprehensive city
22 demonstration program assisted under the provisions of sec-
23 tion 105 (c) of the Demonstration Cities and Metropolitan
24 Development Act of 1966".

1 STATE LIMITATION

2 SEC. 114. Grants made under section 105 for projects
3 in any one State shall not exceed in the aggregate 15 per
4 centum of the aggregate amount of funds authorized to be
5 appropriated under section 111.

6 TITLE II—PLANNED METROPOLITAN
7 DEVELOPMENT

8 FINDINGS AND DECLARATION OF PURPOSE

9 SEC. 201. (a) The Congress hereby finds that the
10 welfare of the Nation and of its people is directly dependent
11 upon the sound and orderly development and the effective
12 organization and functioning of the metropolitan areas in
13 which two-thirds of its people live and work.

14 It further finds that the continuing rapid growth of these
15 areas makes it essential that they prepare, keep current, and
16 carry out comprehensive plans and programs for their
17 orderly physical development with a view to meeting
18 efficiently all their economic and social needs.

19 It further finds that metropolitan areas are especially
20 handicapped in this task by the complexity and scope of
21 governmental services required in such rapidly growing
22 areas, the multiplicity of political jurisdictions and agencies
23 involved, and the inadequacy of the operational and admin-
24 istrative arrangements available for cooperation among them.

25 It further finds that present requirements for areawide

1 planning and programing in connection with various Federal
2 programs have materially assisted in the solution of metro-
3 politan problems, but that greater coordination of Federal
4 programs and additional participation and cooperation are
5 needed from the States and localities in perfecting and carry-
6 ing out such efforts.

7 (b) It is the purpose of this title to provide, through
8 greater coordination of Federal programs and through sup-
9 plementary grants for certain federally assisted develop-
10 ment projects, additional encouragement and assistance to
11 States and localities for making comprehensive metropolitan
12 planning and programing effective.

13 COOPERATION BETWEEN FEDERAL AGENCIES

14 SEC. 202. In order to insure that all Federal programs
15 related to metropolitan development are carried out in a co-
16 ordinated manner—

17 (1) the Secretary is authorized to call upon other
18 Federal agencies to supply such statistical data, pro-
19 gram reports, and other materials as he deems necessary
20 to discharge his responsibilities for metropolitan devel-
21 opment, and to assist the President in coordinating the
22 metropolitan development efforts of all Federal agen-
23 cies; and

24 (2) all Federal agencies which are engaged in

1 administering programs related to metropolitan develop-
2 ment, or which otherwise perform functions relating
3 thereto, shall, to the maximum extent practicable, con-
4 sult with and seek advice from all other significantly
5 affected Federal departments and agencies in an effort
6 to assure fully coordinated programs.

7 METROPOLITAN EXPEDITERS

8 SEC. 203. Upon the request of one or more duly author-
9 ized local officials and after consultation with local govern-
10 mental authorities in a metropolitan area, the Secretary may
11 appoint a metropolitan expediter for such area whenever he
12 finds a need for the services specified in this section. The
13 metropolitan expediter shall provide information, data, and
14 assistance to local authorities and private individuals and
15 entities within the metropolitan area, and to all relevant
16 Federal departments and agencies, with respect to all pro-
17 grams and activities conducted within such metropolitan area
18 by the Department of Housing and Urban Development,
19 and with respect to other public and private activities and
20 needs within such metropolitan area which relate to the
21 programs and activities of the Department.

22 COORDINATION OF FEDERAL AIDS IN METROPOLITAN AREAS

23 SEC. 204. (a) All applications made after June 30,
24 1967, for Federal loans or grants to assist in carrying out
25 open-space land projects or for the planning or construction

1 of hospitals, airports, libraries, water supply and distribution
2 facilities, sewerage facilities and waste treatment works,
3 highways, transportation facilities, and water development
4 and land conservation projects within any metropolitan area
5 shall be submitted for review—

6 (1) to any areawide agency designated to per-
7 form metropolitan or regional planning for the area with-
8 in which the assistance is to be used, and which is, to
9 the greatest practicable extent, composed of or respon-
10 sible to the elected officials of the units of general local
11 government within whose jurisdiction such agency is
12 authorized to engage in such planning, and

13 (2) if made by a special purpose unit of local
14 government, to the unit or units of general local govern-
15 ment with authority to operate in the area within which
16 the project is to be located.

17 (b) (1) Except as provided in paragraph (2) of this
18 subsection, each application shall be accompanied (A)
19 by the comments and recommendations with respect to
20 the project involved by the areawide agency and gov-
21 erning bodies of the units of general local government to
22 which the application has been submitted for review,
23 and (B) by a statement by the applicant that such com-
24 ments and recommendations have been considered prior
25 to formal submission of the application. Such comments

1 shall include information concerning the extent to which the
2 project is consistent with comprehensive planning developed
3 or in the process of development for the metropolitan
4 area or the unit of general local government, as the case
5 may be, and the extent to which such project contributes
6 to the fulfillment of such planning. The comments and
7 recommendations and the statement referred to in this sec-
8 tion shall, except in the case referred to in paragraph (2)
9 of this subsection, be reviewed by the agency of the Federal
10 Government to which such application is submitted for
11 the sole purpose of assisting it in determining whether the
12 application is in accordance with the provisions of Federal
13 law which govern the making of the loans or grants.

14 (2) An application for a Federal loan or grant need
15 not be accompanied by the comments and recommendations
16 and the statements referred to in paragraph (1) of this sub-
17 section, if the applicant certifies that a plan or description
18 of the project, meeting the requirements of such rules and
19 regulations as may be prescribed under subsection (c), or
20 such application, has lain before an appropriate areawide
21 agency or instrumentality or unit of general local govern-
22 ment for a period of sixty days without comments or recom-
23 mendations thereon being made by such agency or instru-
24 mentality.

25 (3) The requirements of paragraphs (1) and (2)

1 shall also apply to any amendment of the application which,
2 in light of the purposes of this title, involves a major change
3 in the project covered by the application prior to such
4 amendment.

5 (c) The Bureau of the Budget, or such other agency as
6 may be designated by the President, is hereby authorized to
7 prescribe such rules and regulations as are deemed appropri-
8 ate for the effective administration of this section.

9 GRANTS TO ASSIST IN PLANNED METROPOLITAN

10 DEVELOPMENT

11 SEC. 205. (a) The Secretary is authorized to make
12 supplementary grants to applicant State and local public
13 bodies and agencies carrying out, or assisting in carrying
14 out, metropolitan development projects meeting the require-
15 ments of this section.

16 (b) Grants may be made under this section only for
17 metropolitan development projects in metropolitan areas
18 for which it has been demonstrated, to the satisfaction of the
19 Secretary, that—

20 (1) metropolitanwide comprehensive planning and
21 programing provide an adequate basis for evaluating

22 (A) the location, financing, and scheduling of individ-
23 ual public facility projects (including, but not limited
24 to hospitals and libraries; sewer, water, and sewage
25 treatment facilities; highway, mass transit, airport, and

1 other transportation facilities; and recreation and other
2 open-space areas) whether or not federally assisted; and
3 (B) other proposed land development or uses, which
4 projects or uses, because of their size, density, type, or
5 location, have public metropolitanwide or interjurisdic-
6 tional significance;

7 (2) adequate metropolitanwide institutional or
8 other arrangements exist for coordinating, on the basis
9 of such metropolitanwide comprehensive planning and
10 programing, local public policies and activities affecting
11 the development of the area; and

12 (3) public facility projects and other land develop-
13 ment or uses which have a major impact on the develop-
14 ment of the area are, in fact, being carried out in accord
15 with such metropolitanwide comprehensive planning
16 and programing.

17 (c) (1) Where the applicant for a grant under this sec-
18 tion is a unit of general local government, it must demon-
19 strate to the satisfaction of the Secretary that, taking into
20 consideration the scope of its authority and responsibilities
21 it is adequately assuring that public facility projects and
22 other land development or uses of public metropolitanwide
23 or interjurisdictional significance are being, and will be,
24 carried out in accord with metropolitan planning and pro-

1 graming meeting the requirements of subsection (b). In
2 making this determination the Secretary shall give special
3 consideration to whether the applicant is effectively assisting
4 in, and conforming to, metropolitan planning and program-
5 ing through (A) the location and scheduling of public
6 facility projects, whether or not federally assisted; and (B)
7 the establishment and consistent administration of zoning
8 codes, subdivision regulations, and similar land-use and
9 density controls.

10 (2) Where the applicant for a grant under this section
11 is not a unit of general local government, both it and the unit
12 of general local government having jurisdiction over the
13 location of the project must meet the requirements of this
14 subsection.

15 (d) In making the determinations required under this
16 section, the Secretary shall obtain, and give full considera-
17 tion to, the comments of the body or bodies (State or local)
18 responsible for comprehensive planning and programing for
19 the metropolitan area.

20 (e) No grant shall be made under this section with re-
21 spect to a metropolitan development project for which a Fed-
22 eral grant has been made or a contract of assistance has been
23 entered into, under the legislation referred to in paragraph
24 (2) of section 208, prior to February 21, 1966, or more than

1 one year prior to the date on which the Secretary has made
2 the determinations required under this section with respect to
3 the applicant and to the area in which the project is located:
4 *Provided*, That in the case of a project for which a contract
5 of assistance under the legislation referred to in paragraph
6 (2) of section 208 has been entered into after June 30,
7 1967, no grant shall be made under this section unless an
8 application for such grant has been made on or before the
9 date of such contract.

10 EXTENT OF GRANT

11 SEC. 206. (a) A grant under section 205 shall not
12 exceed (1) 20 per centum of the cost of the project for
13 which the grant is made; nor (2) the Federal grant made
14 with respect to the project under the legislation referred to
15 in paragraph (2) of section 208. In no case shall the
16 total Federal contributions to the cost of such project be
17 more than 80 per centum. Notwithstanding any other pro-
18 vision of law, including requirements with respect to non-
19 Federal contributions, grants under section 205 shall be
20 eligible for inclusion (directly or through refunds or credits)
21 as part of the financing for such projects: *Provided*, That
22 projects or activities on the basis of which assistance is pro-
23 vided under section 105 (c) shall not be eligible for assist-
24 ance under section 205.

25 (b) There are authorized to be appropriated for grants

1 under section 205 not to exceed \$25,000,000 for the fiscal
2 year ending June 30, 1967, and not to exceed \$50,000,000
3 for the fiscal year ending June 30, 1968. Appropriations
4 authorized under this section shall remain available until
5 expended.

6 CONSULTATION AND CERTIFICATION

7 SEC. 207. In carrying out his authority under section
8 205, including the issuance of regulations, the Secretary shall
9 consult with the Department of the Interior; the Department
10 of Health, Education, and Welfare; the Department of
11 Commerce; and the Federal Aviation Agency with respect
12 to metropolitan development projects assisted by those de-
13 partments and agencies; and he shall, for the purpose of
14 section 206, accept their respective certifications as to the
15 cost of those projects and the amount of the non-Federal
16 contribution paid or to be paid to that cost.

17 DEFINITIONS

18 SEC. 208. As used in this title—

19 (1) “Metropolitan development” means all projects or
20 programs for the acquisition, use, and development of open
21 space land; and the planning and construction of hospitals,
22 libraries, airports, water supply and distribution facilities,
23 sewerage facilities and waste treatment works, transporta-
24 tion facilities, highways, water development and land con-
25 servation, and other public works facilities.

1 (2) "Metropolitan development project" means a proj-
2 ect assisted or to be assisted under section 702 of the
3 Housing and Urban Development Act of 1965; title II of the
4 Library Services and Construction Act; section 606 of the
5 Public Health Service Act; section 8 of the Federal Water
6 Pollution Control Act; section 120 (a) of title 23, United
7 States Code; section 9 of the Federal Airport Act; section 3
8 of the Urban Mass Transportation Act of 1964; title VII
9 of the Housing Act of 1961; section 5 (e) of the Land and
10 Water Conservation Fund Act of 1965; or section 101
11 (a) (1) of the Public Works and Economic Development
12 Act of 1965 (for a project of a type which the Secretary
13 determines to be eligible for assistance under the other pro-
14 visions listed above).

15 (3) "State" means any State of the United States, the
16 District of Columbia, the Commonwealth of Puerto Rico,
17 any territory or possession of the United States, or an agency
18 or instrumentality of any of the foregoing.

19 (4) "Metropolitan area" means a standard metro-
20 politan statistical area as established by the Bureau of the
21 Budget, subject however to such modifications and exten-
22 sions as the Secretary may determine to be appropriate for
23 the purposes of this title.

24 (5) "Comprehensive planning" includes the following,
25 to the extent directly related to area needs or needs of a unit

1 of general local government, (A) preparation, as a guide
2 for long-range development, of general physical plans with
3 respect to the pattern and intensity of land use and the pro-
4 vision of public facilities, including transportation facilities;
5 (B) programming of capital improvements based on a de-
6 termination of relative urgency; (C) long-range fiscal plans
7 for implementing such plans and programs; and (D) pro-
8 posed regulatory and administrative measures which aid in
9 achieving coordination of all related plans of the departments
10 or subdivisions of the governments concerned and intergov-
11 ernmental coordination of related planned activities among
12 the State and local governmental agencies concerned.

13 (6) "Hospital" means any public health center or gen-
14 eral, tuberculosis, mental, chronic disease, and other type of
15 hospital and related facilities, such as laboratories, outpatient
16 departments, nurses' home and training facilities, and central
17 service facilities normally operated in connection with hos-
18 pitals, but does not include any hospital furnishing primarily
19 domiciliary care.

20 (7) "Areawide agency" means an official State or
21 metropolitan or regional agency empowered under State or
22 local laws or under an interstate compact or agreement to
23 perform comprehensive planning in an area; an organiza-
24 tion of the type referred to in section 701 (g) of the Housing

1 Act of 1954; or such other agency or instrumentality as
 2 may be designated by the Governor (or, in the case of
 3 metropolitan areas crossing State lines, any one or more of
 4 such agencies or instrumentalities as may be designated by
 5 the Governors of the States involved) to perform such
 6 planning.

7 (8) "Special purpose unit of local government" means
 8 any special district, public-purpose corporation, or other
 9 limited-purpose political subdivision of a State, but shall not
 10 include a school district.

11 (9) "Unit of general local government" means any city,
 12 county, town, parish, village, or other general-purpose po-
 13 litical subdivision of a State.

14 (10) "Secretary" means the Secretary of Housing and
 15 Urban Development.

16 STATE LIMITATION

17 SEC. 209. Grants made under section 205 for projects in
 18 any one State shall not exceed in the aggregate 15 per
 19 centum of the aggregate amount of funds authorized to be
 20 appropriated, pursuant to section 206 (b).

1 TITLE III—URBAN INFORMATION AND TECH-
2 NICAL ASSISTANCE SERVICES

3 PURPOSE

4 SEC. 301. It is the purpose of this title to assist States
5 and metropolitan area agencies to make available informa-
6 tion and data on urban needs and assistance programs and
7 activities through centers established for such purpose, and
8 to provide technical assistance through such centers to small
9 communities with respect to the solution of urban problems.

10 GRANT AUTHORITY

11 SEC. 302. (a) The Secretary is authorized to make
12 grants to States and metropolitan-area agencies to help
13 finance programs for the assembly, correlation, and dissemi-
14 nation of information and data needed for improving, coor-
15 dinating, and more effectively utilizing governmental and
16 other programs and activities available for the solution of lo-
17 cal urban problems and to provide technical assistance to
18 small communities with respect to the solution of such prob-
19 lems. Activities aided by such grants shall include—

1 (1) the planning and establishment of urban in-
2 formation and technical assistance centers;

(2) the assembly, correlation, and dissemination of urban physical, social, and economic development information and data through such centers for the purpose of informing local governments, organizations, and individuals of the availability and status of Federal, State, and local programs and other resources and data for the solution of urban problems; and

(3) providing, through such centers, technical assistance with respect to the solution of urban problems to any small community requesting such assistance.

13 (b) A program assisted under this section shall—

(1) specify the information and technical assistance activities to be carried on and justify the needs for and costs of such activities; and

(2) represent substantially increased or improved activities on the part of the applicant State or metropolitan-area agency.

20 EXTENT OF ACTIVITIES

SEC. 303. (a) An urban information and technical assistance center established by a metropolitan-area agency under this title shall be directed primarily to the provision of (1) informational services of general metropolitanwide utility, and (2) informational services and technical assist-

1 ance of utility to the communities within that metropolitan
2 area.

3 (b) An urban information and technical assistance
4 center established by a State under this title shall be directed
5 primarily to the provision of (1) informational services of
6 general statewide utility, and (2) informational services and
7 technical assistance of utility to communities not within
8 metropolitan areas for which information centers have been
9 established under this title.

10 AMOUNT OF GRANT

11 SEC. 304. (a) A grant under this section shall not
12 exceed 50 per centum of the cost of the activities carried
13 on under an approved urban information and technical assist-
14 ance program.

15 (b) No grant shall be made under this title to assist
16 in assembling data, or providing information, to be used
17 primarily in the day-to-day operations of State or local gov-
18 erning bodies and agencies.

19 COOPERATION AND COORDINATION

20 SEC. 305. (a) Federal departments and agencies shall
21 cooperate with States and metropolitan-area agencies in pro-
22 viding information to assist in carrying out the purpose of
23 this title.

24 (b) In the administration of this title, the Secretary

1 shall seek to ensure the greatest practicable cooperation and
2 coordination as between the various urban information and
3 technical assistance centers established under this title.

4 DEFINITIONS

5 SEC. 306. As used in this title—

6 (1) “State” means any State of the United States, the
7 Commonwealth of Puerto Rico, the Virgin Islands, or an
8 agency or instrumentality designated by the chief executive
9 of any of the foregoing, or a statewide agency or instru-
10 mentality of its political subdivisions designated by such
11 chief executive.

12 (2) “Metropolitan area” means a standard metropolitan
13 statistical area as established by the Bureau of the Budget,
14 subject however to such modifications and extensions as the
15 Secretary may determine to be appropriate.

16 (3) “Metropolitan-area agency” means (A) an organi-
17 zation or body composed of public officials which the Secre-
18 tary determines to be representative of the political jurisdic-
19 tions encompassing a metropolitan area; or (B) where no
20 such organization exists and can qualify for a grant under this
21 title, a public body or agency (i) designated by the govern-
22 ing body of that political jurisdiction within the area which
23 contains the largest population, according to the most recent
24 decennial census, and (ii) concurred in by other local politi-
25 cal jurisdictions which, together with the designating juris-

1 diction, contain at least two-thirds of the population of the
2 area.

3 (4) "Small community" means any municipality or
4 other political subdivision of a State having a population of
5 twenty-five thousand or less.

6 (5) "Secretary" means the Secretary of Housing and
7 Urban Development.

8 APPROPRIATIONS

9 SEC. 307. There are authorized to be appropriated for
10 the purpose of carrying out the provisions of this title not
11 to exceed \$5,000,000 for the fiscal year ending June 30,
12 1967, and not to exceed \$10,000,000 for the fiscal year end-
13 ing June 30, 1968. Appropriations authorized under this
14 section shall remain available until expended.

15 TITLE IV—MISCELLANEOUS

16 STUDY CONCERNING RELIEF OF HOMEOWNERS IN

17 PROXIMITY TO AIRPORTS

18 SEC. 401. Section 1113 of the Housing and Urban
19 Development Act of 1965 is amended—

20 (1) by inserting "(a)" after "SEC. 1113.";

21 (2) by striking out "one year after the date of the
22 enactment of this Act" and inserting in lieu thereof "six
23 months after the date of the enactment of the Demon-
24 stration Cities and Metropolitan Development Act of
25 1966"; and

1 (3) by adding at the end thereof the following new
2 subsection:

3 “(b) There is authorized to be appropriated the sum
4 of \$100,000 to carry out subsection (a).”

Passed the Senate August 19, 1966.

Attest:

EMERY L. FRAZIER,

Secretary.

AN ACT

To assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes.

AUGUST 22, 1966

Referred to the Committee on Banking and Currency

Aug. 31, 1966

Agreed to the conference report on S. 3052, to provide for a coordinated national safety program through financial assistance to the States to accelerate highway traffic safety programs. pp. 20463-6

13. INTEREST RATES. The Rules Committee reported a resolution for the consideration of H. R. 14026, to prohibit insured banks from issuing negotiable interest-bearing or discounted notes, certificates of deposit, or other evidences of indebtedness. p. 20459
Rep. Patman urged support of H. R. 14026, "the only low interest bill pending" rather than H. R. 17255 "which will be offered as a substitute." pp. 20451, 20534-5
14. PEACE CORPS. Passed as reported S. 3418, to further amend the Peace Corps Act, as amended. This bill will now be sent to the President. H. R. 16574, a similar bill, was tabled. pp. 20482-7
15. LOANS. The Agriculture Committee voted to report (but did not actually report) H. R. 13669, to amend title III of the Bankhead-Jones Farm Tenant Act so as to authorize rural-renewal loans to be made for recreation facilities, and H. R. 9151, to permit release of valueless mortgage liens. p. D834
16. DEMONSTRATION CITIES. The Banking and Currency Committee voted to report (but did not actually report) S. 3708, the demonstration cities and metropolitan development bill. p. D834
17. FISH PROTEIN. A subcommittee of the Merchant Marine and Fisheries Committee approved for full committee S. 2720, authorizing the Secretary of the Interior to engage in programs to develop practicable means for the production of fish protein concentrate. p. D834
18. WATERSHEDS. Received from the Public Works Committee work plans for numerous watershed projects. p. 20449
19. PERSONNEL. Rep. Morse inserted the testimony of Massachusetts' Lieutenant Governor in support of the proposed Intergovernmental Personnel Act. pp. 20504-5
20. INTERGOVERNMENTAL RELATIONS. Rep. Conable commended "partnership government" as meaning "Federal contribution to the cost of a local project of sound standard" but stated "recently things have not been going well with partnership government." pp. 20509-10
21. COTTON. Rep. Abernethy urged that "through all the mechanisms available we limit the flow of cotton textiles into this country" and "shift to an auction system, to sell to the world on a highest-bid basis, at least 5 million bales of American cotton annually." pp. 20510-12
21. INFLATION. Rep. Bingham expressed concern about the rising cost of living and suggested several steps that should be taken to combat inflation. p. 20536

ITEMS IN APPENDIX

22. PRICE CONTROLS. Extension of remarks of Rep. Wilson, Calif., inserting an article and stating that it "makes clear that wage and price controls are a virtual certainty after the November elections." p. A4610

23. FOOD PRICES. Extension of remarks of Rep. Rumsfeld stating that the American housewife deserves some sort of an award for patience and stamina in the face of "ever-increasing" food prices, and inserting an article on this subject. p. A4615
24. CONSUMERS. Extension of remarks of Rep. Helstoski favoring a Dept. of Consumers to provide coordination of the administration of consumer services. p. A4617
25. FARM LABOR. Extension of remarks of Rep. Roybal stating that the "idyllic picture we paint of farm life blinds us to the drudgery of farmwork and to the miserable poverty of farmworkers." pp. A4617-8
26. FOREST SERVICE. Extension of remarks of Rep. Johnson, Calif., commending the "spirit of cooperation in which the Forest Service completed action on the recommendations of the joint management review program..." pp. A4619-20

BILLS INTRODUCED

27. MARKETING. H. R. 17463 by Rep. Hagen of Calif. and H. R. 17464 by Rep. Olson & Minn., to amend the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended; to Agriculture Committee.
28. DISASTER RELIEF. H. R. 17454 by Rep. Walker of New Mexico, to provide additional assistance for areas suffering a major disaster; to Public Works Committee.

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COMMITTEE HEARINGS SEPT. 1:

Reporting of import statistics, S. Finance.
Packaging and labeling, H. Commerce.
Minimum wage bill, conferees (exec).

oOo

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
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Issued Sept. 2, 1966
For actions of Sept. 1, 1966
89th-2nd; No. 147

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HIGHLIGHTS: House passed child nutrition bill. House committee reported bill to permit sale of grain storage facilities. House agreed to conference report on foreign aid authorization bill. Sen. Proxmire urged completion of action on school milk program.

SENATE

- 1. CONTAINERS.** Passed as reported S. 17, to repeal certain acts setting standards for containers for fruits and vegetables. pp. 20653-4
- 2. LABELING.** Passed as reported S. 3298, to amend the Federal Hazardous Substances Labeling Act to ban hazardous toys and articles intended for children, and other articles so hazardous as to be dangerous in the household regardless of labeling, and to apply to unpackaged articles intended for household use. pp. 20654-9

3. TARIFFS. Passed without amendment H. R. 12328, to extend for three years the duty-free treatment of certain extracts suitable for tanning (p. 20650); and passed without amendment H. R. 12461, to continue until Sept. 5, 1969, the suspension of duty on certain istle (pp. 20650-1). These bills will now be sent to the President.
4. TRAFFIC SAFETY. Agreed to the conference report on S. 3052, to provide for a coordinated national safety program through financial assistance to the States to accelerate traffic safety programs. This bill will now be sent to the President. pp. 20701, 20668
5. GUAM. Passed without amendment S. 2979, to extend coverage of the State Technical Services Act of 1965 to the territory of Guam. p. 20702
6. WATERSHEDS. Sen. Randolph inserted a list of various watershed projects approved by the Public Works Committee. pp. 20649-50
7. WATER POLLUTION. Sens. Randolph and Hartke expressed concern about the pollution of Lake Michigan during dredging by the Corps of Engineers. pp. 20668, 20681-2
8. RECREATION. Sen. Jackson inserted President Johnson's remarks at Burlington, Vt., praising the development of recreational facilities in the U. S. and stating that "we are winning our fight for conservation..." pp. 20672-3
9. SCHOOL MILK. Sen. Proxmire urged the completion of action on the school milk program before Congress adjourns. p. 20679
10. ADJOURNMENT. Agreed that upon completion of business the Senate would adjourn until Fri., at which time the Senate adjourn with no transaction of business until Tues., Sept. 6. p. 20663

HOUSE

11. CHILD NUTRITION. Passed S. 3467, the child nutrition bill, with an amendment to substitute the language of a similar bill, H. R. 13361 which was passed earlier with amendments. H. R. 13361 was tabled (pp. 20734-54). An amendment by Rep. Findley to omit the breakfast program was rejected 52-95 (pp. 20751-3). For provisions of this bill see Digest 110.
Rep. Gonzalez expressed the "need for centralization of administration of child feeding programs." pp. 20789-90
12. DEMONSTRATION CITIES. The Banking and Currency Committee reported with amendment S. 3708, the demonstration cities and metropolitan development bill (H. Rept. 1931). p. 20805
13. RECLAMATION. Received the conference report on S. 254, to authorize the Secretary of the Interior to construct, operate, and maintain the Tualatin Federal reclamation project, Oreg. (H. Rept. 1932). p. 20715
14. FOREIGN CURRENCIES. The Ways and Means Committee reported S. 801, to improve the balance of payments position of the United States by permitting the use of reserved foreign currencies in lieu of dollars for current expenditures (H. Rept. 1954). p. 20805

DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966

SEPTEMBER 1, 1966.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. PATMAN, from the Committee on Banking and Currency,
submitted the following

R E P O R T

[To accompany S. 3708]

The Committee on Banking and Currency, to whom was referred the bill (S. 3708) to assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill, as amended, do pass.

The amendment is as follows: Strike out all after the enacting clause and insert the matter which appears in italic type in the bill herewith reported to the House.

WHAT THE BILL, AS AMENDED, WOULD DO

Title I of the bill as amended by the committee would establish a new city demonstration program of Federal grants and technical assistance to help provide the incentive and the financial means for a city to plan and carry out a program for rebuilding and restoring entire sections or neighborhoods of slum and blight and to improve the general welfare of the people in such areas.

The demonstration city approach places maximum dependence upon the locality and its officials to plan and carry out the program. The Federal Government will help with technical and financial assistance, but it will be limited to those cities presenting imaginative and effective ways of dealing with the physical and social problems of slum and blighted areas.

The financial assistance will be in two forms—planning assistance and program assistance. Planning assistance will be on an 80 percent Federal grant basis with the city making up the other 20 percent of cost. For this purpose the bill authorizes an appropriation of \$12 million a year for each of the 2 fiscal years 1967 and 1968.

The program assistance would provide supplementary financial aid to cities to carry out activities in addition to those already provided under existing Federal law. The supplementary aid will be computed in each case on a formula related to local contributions to Federal programs involved in the project. Under the committee bill the program assistance for any project would be a maximum of 80 percent of the total non-Federal contributions made on all projects under existing Federal law which are being carried out as part of the city demonstration program. The supplemental grant could not be used to reduce local expenditures on existing projects or activities or to reduce the local effort for similar activities. The bill calls for a 2-year authorization of appropriations of \$400 million for fiscal 1968 and \$500 million for fiscal 1969. The 2-year authorization is consistent with administration estimates for a 5-year program.

Under this title, the urban renewal grant authority would be increased by \$250 million to be used for projects included within a city demonstration program.

Title II calls for improved coordination of Federal activities in metropolitan areas, requires minimum standards of planning and coordination by local governments in such areas, and authorizes supplementary Federal grants to State and local public bodies for metropolitan development projects as incentives for adequate metropolitanwide comprehensive planning and adherence to such planning. The supplementary grant would be authorized only for those metropolitan areas which have met standards for comprehensive planning on a metropolitanwide basis. The grant would be made to the public body sponsoring the metropolitan development project. It would amount to a maximum of 20 percent of the cost of the project. In no case could the total grant (the basic grant plus the supplementary grant) exceed 80 percent of the project cost nor could the supplementary grant exceed the basic grant.

The benefits of this title are for projects in a standard metropolitan statistical area, which is defined by the Bureau of the Budget as the area in and around a city of 50,000 population or more. The authorization of appropriations under the bill is a maximum of \$25 million for fiscal year 1967 and \$50 million for fiscal year 1968.

Title III contains a number of amendments to the FHA programs. One section extends eligibility for the preferential terms under FHA section 203 extended to veterans in last year's Housing Act to include veterans who have used their VA entitlement.

Another section authorizes financing at an interest rate of 3 percent under FHA section 221(d)(3) for the acquisition and rehabilitation of housing by nonprofit groups for resale to families of very low income. Among other provisions, this title would also reactivate on a limited basis the armed services housing program (Capehart), and would authorize an additional 5,000 units of off-base section 810 rental housing for the military. This title would also liberalize the FHA cooperative housing program by raising per-unit mortgage ceilings, increasing the amount of supplementary financing which can be in-

sured, and making improvements in the cooperative housing insurance fund.

Title IV extends FHA mortgage insurance for land development to include financing for new communities. The limit on the amount of land development mortgages would be increased from \$10 million to \$25 million outstanding and mortgages financing new communities would be eligible for FNMA special assistance.

Title V authorizes FHA mortgage insurance to finance the construction and equipment of buildings to be used as group medical practice facilities. Insured loans would be limited to 90 percent of value, a maximum maturity of 25 years, and a maximum interest rate of 6 percent.

Title VI provides new programs of grant and loan assistance for the preservation of historic structures.

Title VII provides for the crediting of certain local expenditures as a local grant-in-aid under the urban renewal program.

Title VIII contains amendments to the rural housing programs administered by the Farmers Home Administration, including an increase from \$1,000 to \$1,500 in the maximum amount of a loan, grant, or combined loan and grant for repairs and improvements to owner-occupied dwellings which are necessary to make them safe and sanitary.

Title IX contains a number of miscellaneous provisions, including limited authorization for FNMA construction loans for FHA cooperative housing and FHA 221(d)(3) projects. The title also contains amendments to clarify and improve mortgage and financial relief for homeowners who are placed in economic difficulty because of the closing of Federal installations or military bases.

BACKGROUND OF THE BILL

During the period February 28 to March 25, the Subcommittee on Housing held 4 weeks of hearings on housing and urban development legislation including the administration proposed bills, H.R. 12341 (demonstration cities program), H.R. 12946 (Urban Development Act), H.R. 13064 (housing and urban development amendments), H.R. 9256 (group medical practice facilities), and other pending bills in the housing and urban development field.

Expert and detailed testimony was received on all phases and aspects of the proposed legislation. The subcommittee heard detailed testimony from the Secretary of Housing and Urban Development and his top assistants, and the Under Secretary of HEW testified on the group medical practice facilities bill. Many other witnesses reflecting the viewpoints of the homebuilding, real estate, and mortgage lending industries, labor organizations, civic groups, mayors, cooperative groups, and others provided the committee with the benefit of their knowledge and their recommendations.

While the testimony covered all aspects of the housing and urban development legislation under consideration, there was considerable emphasis on President Johnson's proposed demonstration cities program. This proposal received the enthusiastic support of the Nation's mayors speaking both through their national organizations, the U.S. Conference of Mayors and the National League of Cities, and through the testimony of many individual mayors. It is also heartily endorsed

by the AFL-CIO, the National Association of Home Builders, and spokesmen for planners, housing, and civic groups.

The Subcommittee on Housing met in executive session on August 25 and recommended a draft omnibus bill to the full committee by a rollcall vote of 9 to 1. The draft bill which emerged from the subcommittee incorporated the main features of the administration proposed bills (H.R. 12341, H.R. 12946, H.R. 13064, and H.R. 9256), as well as improving and perfecting amendments.

The subcommittee recommended bill was in the form of an amendment to S. 3708 which passed the Senate on August 19. The subcommittee bill included provisions from S. 3708 as well as S. 3711, a general housing bill, and various House bills. The full Committee on Banking and Currency met on the bill in executive session on August 30 and 31 and September 1 and adopted the subcommittee recommendations with several amendments and substituted the recommendations as a committee amendment to S. 3708. The bill was then ordered reported by a rollcall vote of 23 to 8.

MAJOR PROVISIONS OF THE BILL

TITLE I—COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

Title I of the bill would establish a new program of Federal assistance to help cities plan, administer, and carry out coordinated physical and social renewal programs to improve the environment and the general welfare of people living in slum and blighted areas of cities of all sizes in all parts of the country.

THE PROBLEM

The great problems confronting the Nation's cities are well known. Slums and blight are widespread. There are over 7 million homes in urban areas that are run down or deteriorated. More than 3 million do not have adequate plumbing or hot and cold running water. In many of our central cities entire sections and neighborhoods are in need of major surgery to overcome decay.

Increasingly the old, the poor, and the underprivileged are concentrated in these slum and blighted areas of the central city. As slums and blight spread, crime, delinquency, want, and disease follow. While the need for city services grows, the city's ability to provide these services is impaired by the very blight that creates the demand.

More blight, greater demand for city services, decreasing revenues to meet the demand—that is the descending spiral confronting many American cities.

Significantly, the independent efforts of cities to help themselves are in large measure self-defeating. The more determined the city's effort to raise funds to meet the need for increased services, the more likely that effort drives its affluent citizens to the nearby suburbs. Similarly, the greater tax burden the city places on industry within its borders, the less its opportunity to attract and hold the industry and commerce its economy requires. So the city becomes, increasingly, a home for the economically deprived, those least able to bear the cost of municipal services.

Our cities have made great efforts to cope with their problems. Between 1954 and 1963, municipalities increased their tax revenues by 43 percent, and local government indebtedness increased by 119 percent. With the limited sources of revenue available to them, the cities have waged a heroic battle against problems which are overwhelming them.

But resources needed to solve the problems of slum and blight, ignorance and disease, poverty and despair, crime and delinquency, cannot come from city taxes alone. We must bring to bear national resources. The city plays a critical role in American life. The success of the city in providing the physical and social framework through which millions of poor and disadvantaged Americans are prepared to participate fully in the Nation's life is a vital national concern.

We have a long tradition of Federal assistance to our cities. Initially this assistance emphasized physical renewal. We have learned that physical renewal alone cannot eliminate the hardcore causes of urban poverty and blight. In recent years Congress has developed programs of social renewal and imaginative new approaches to the problems of poverty, disease, ignorance, and despair. But these programs have not been coordinated adequately.

By means of the comprehensive city demonstration programs authorized by title I of this bill, Federal programs of physical and social assistance to our cities can be meshed and coordinated in a comprehensive effort. Through a comprehensive city demonstration program the full arsenal of existing Federal grant-in-aid programs can be brought to bear on urban problems. This should make possible an interaction and focusing of existing Federal grant-in-aid programs which heretofore have often been lacking.

Title I of the committee bill is designed to carry out President Johnson's recommendations for city demonstration programs expressed in his message of January 26, 1966. The bill reported by the committee places additional emphasis on local initiative in developing new and imaginative ways of dealing with the physical and social problems of slum and blighted areas. The bill reported by the committee also stresses the need for cooperation and coordination by Federal departments and agencies in the administration of comprehensive city demonstration programs.

In his message to the Congress recommending the demonstration cities program, the President said:

From the experience of three decades, it is clear to me that American cities require a program that will—

Concentrate our available resources—in planning tools, in housing construction, in job training, in health facilities, in recreation, in welfare programs, in education—to improve the conditions of life in urban areas.

Join together all available talent and skills in a coordinated effort.

Mobilize local leadership and private initiative, so that local citizens will determine the shape of their new city * * *.

The demonstration cities program authorized by title I of the bill would make it possible for cities of all sizes, and in all sections of the country, to undertake such a program.

COMPREHENSIVE CITY DEMONSTRATION PROGRAM

A "comprehensive city demonstration program" is a locally prepared and scheduled program for rebuilding or restoring entire sections and neighborhoods of slum and blighted areas by the concentrated and coordinated use of all available Federal aids together with local private and governmental resources. It will include citywide aids and resources necessary to improve the general welfare of the people living or working in these areas. It will make it possible to treat the social needs of people in the slums in conjunction with physical rehabilitation.

This is to be a local program, planned and carried out by local people and based on local judgment as to the city's needs and its order of priorities in meeting these needs.

The assistance provided by title I of the bill would help cities of all sizes and in all sections of the country to plan, develop, and carry out such comprehensive city demonstration programs. It would encourage the cities to focus and coordinate projects and activities for which assistance is now available under existing Federal programs with other public and private actions to provide the most effective and economic concentration of Federal, State, local, and private efforts to improve the quality of urban life.

FEDERAL ASSISTANCE PROVIDED

Federal funds would cover 80 percent of the cost of planning and developing comprehensive city demonstration programs. Federal grants would also pay 80 percent of the cost of administering every project or activity which is included as part of these programs (but not the cost of administering any project or activity for which Federal financial assistance is provided under an existing grant-in-aid program).

In addition, two types of Federal assistance would be available to help finance projects or activities that are included as part of an approved comprehensive city demonstration program.

First, to the extent such projects or activities are eligible for assistance under an existing Federal grant-in-aid program, they may be financed under that program. This bill contemplates that existing Federal grant-in-aid programs—and funds now available for those programs—will be utilized, where feasible, in carrying out projects or activities that, though part of a comprehensive city demonstration program, are eligible for assistance under existing grant-in-aid programs.

It is expected that the demonstration cities program will stimulate a new and sharper focusing of activities assisted under existing grant-in-aid programs and far greater coordination in their use. More effective use of existing grant-in-aid programs by cities is a key goal of the demonstration cities program.

The fact that a particular project or activity, eligible for assistance under an existing Federal grant-in-aid program, is undertaken as part of a comprehensive city demonstration program will in no way affect its eligibility requirements for assistance under the existing grant-in-aid program. The city will apply to the agency which administers the grant-in-aid program and the application will be subject to all the

existing rules, regulations, and priorities governing that grant-in-aid program.

Second, special grants, supplementing the assistance available under existing grant-in-aid programs, would be provided under the demonstration cities program to—

(1) Assist cities to provide their required share of the cost of projects or activities that are part of the demonstration program and are funded under existing Federal grant-in-aid programs, and

(2) Provide funds to carry out other non-federally-assisted projects or activities (including projects or activities of the type eligible for Federal assistance under existing grant-in-aid programs) undertaken as part of the demonstration program.

The amount of this special—supplemental—demonstration cities grant would be up to 80 percent of the total non-Federal contributions required to be made to all projects or activities assisted by existing Federal grant-in-aid programs which are carried out as part of a comprehensive city demonstration program.

The required non-Federal contribution to every project or activity carried out in connection with an approved comprehensive city demonstration program, and funded under an existing Federal grant-in-aid program, would serve as a base for computing the special supplemental grant under the demonstration cities program. It does not matter whether or not the Federal commitment to assist in financing the particular project or activity under an existing grant-in-aid program occurred sometime before the comprehensive city demonstration program is approved. So long as the activity financed by the existing grant-in-aid program is closely related to the physical and social problems in the area or areas of the city covered by the demonstration program and can reasonably be expected to have a noticeable effect upon such problems, and is carried out in connection with the approved city demonstration program, the non-Federal contribution to that project or activity can serve as a base for the grant computed under the demonstration cities program.

The bill would require that the specific amount of any grant take into account the number and intensity of the economic and social pressures in the sections or neighborhoods involved—such as those involving or resulting from population density, poverty levels, unemployment rate, public welfare participation, educational levels, health and disease characteristics, crime and delinquency rate, and degree of substandard and dilapidated housing.

USE OF SUPPLEMENTAL GRANT PROVIDED FOR DEMONSTRATION PROGRAMS

The supplemental grant funds authorized to be paid to comprehensive city demonstration programs are not “earmarked” for any one specific project or activity carried out as part of the demonstration program. After the amount of the supplemental grant funds available to the city is established under the formula in the bill, the total amount will be available to the city to be used for any project or activity included as part of an approved comprehensive city demonstration program.

MAINTENANCE OF EFFORT

The supplemental grant funds authorized by the bill to be provided for comprehensive city demonstration programs are not to be used for the general administration of local governments, or as a substitute for local funds being used, or already obligated, to rebuild and restore slum and blighted areas and provide community facilities and services to their residents. Accordingly, the bill requires as a condition to receiving assistance for an approved comprehensive city demonstration program, that the city not reduce, during the period an approved program is carried out, its prior level of aggregate expenditures for projects or activities similar to those being assisted under the demonstration program. In addition, supplemental grant funds authorized by the bill may not be used to replace non-Federal contributions obligated, prior to the filing of the application for a grant for planning the demonstration program, to be spent for a project or activity which is included within a comprehensive city demonstration program but for which Federal financial assistance is being provided under an existing Federal grant-in-aid program.

In other words, for the purpose of determining the amount of the supplemental grant funds which may be paid to help carry out the comprehensive city demonstration program, every non-Federal contribution made, or obligated, to a federally assisted project or activity which is carried out in connection with the demonstration program, may be counted as part of the base of non-Federal contributions upon which the supplemental grant is calculated. However, these supplemental grant funds may not be used to replace non-Federal contribution made or obligated to the federally assisted project or activity included within the demonstration program prior to the filing of the application for a grant for planning the demonstration program.

PREPARING A COMPREHENSIVE CITY DEMONSTRATION PROGRAM

A. City demonstration agency

The Federal assistance authorized by the demonstration cities program would be provided to a "city demonstration agency." The "city demonstration agency" may be the city, county, or any local public agency established or designated by the local governing body, including one or more municipalities, counties, or other public bodies having general governmental powers, to administer the comprehensive city demonstration program.

The city demonstration agency, therefore, may be a public agency created for the purpose of administering the demonstration program or it may be an existing local public agency assigned this responsibility. A very wide range of administrative arrangements is permissible so long as the structure serving as the city demonstration agency constitutes a public body which is subject to the control of the local governing body.

Whatever the administrative organization of the city demonstration agency, it must have the endorsement and support of the elected officials of the city and the agency must have sufficient power and authority to undertake the overall administration of the demonstration program.

This does not mean that the city demonstration agency must assume operational control of all projects and activities which are a part of the

local demonstration program. The city demonstration agency could utilize the capabilities of other local public and private bodies and agencies. For example, to the extent urban renewal activities are a part of the demonstration, the existing urban renewal agency would carry out such projects. School boards would continue to direct educational activities in the demonstration area. The function of the city demonstration agency would be to obtain the cooperation of all participants and receive their agreement to a concentrated and coordinated effort.

B. Planning and developing the city demonstration program

The city demonstration agency would apply to the Secretary of Housing and Urban Development for a grant to pay 80 percent of the cost of planning and developing the comprehensive city demonstration program. The application for this grant must have the approval of the local governing body of the city and would show in broad and general terms the nature and seriousness of the city's problems and the outlines of what the city intends to do. Before he makes a grant to plan a comprehensive city demonstration program, the Secretary of Housing and Urban Development must determine that there exist (1) administrative machinery through which coordination of all related planning activities of local agencies can be achieved, and (2) evidence that the necessary cooperation of agencies engaged in related local planning can be obtained.

The bulk of the effort during the planning and development period would be spent in refining the program elements of the initial proposal and developing their interrelationships, working out organizational arrangements, and scheduling and budgeting program activities. The Secretary of Housing and Urban Development stated that the planning and development period will generally not require more than 6 to 8 months, and perhaps less time. Much information in terms of needs identification will already be available. Many cities in a position to qualify as a demonstration city will already have undertaken a community renewal program, will have a community action agency which will have already collected data on social problems and needs, and will have a well-developed physical master plan and capital improvements program.

Completed plans for comprehensive city demonstration programs would be reviewed by the Secretary of Housing and Urban Development to determine that they satisfy the statutory criteria for demonstration programs.

Demonstration programs need not be limited to a single geographically delineated demonstration area in which slum and blight are to be removed or arrested. Rather, there may be several such areas of varying sizes in the city.

In addition, a wide variety of activities that serve the demonstration program, no matter where located, may be included in the demonstration. For example, a hospital or vocational school which serves the needs of residents of slum and blighted areas may be a part of the city's program though constructed in a section of the community not requiring clearance or rehabilitation treatment.

Grant funds provided under this legislation will, therefore, be available for certain communitywide activities, and the cities will be expected to study the effect and impact of their programs with a view to the well-being of the entire community.

CONTENT OF DEMONSTRATION PROGRAM

To qualify for assistance under title I of the bill, a city must be prepared to embark on major new undertakings addressed to major urban problems. The demonstration cities program is designed to help those cities willing to face up to their responsibilities, willing and able to bring together all the public and private bodies whose joint action is necessary to solve their problems, willing to fully commit their energy and resources, and willing to undertake actions which will have widespread and substantial effects on the social and physical structure of the city.

A demonstration program must meet the following criteria:

First, the physical and social problems in the area of the city covered by the program must be such that a comprehensive city demonstration program is necessary to improve the physical environment, increase the supply of adequate housing for low- and moderate-income people and provide educational and social services vital to the public health and welfare.

This requirement is designed to assure that the area selected by the city has physical and social problems the solution of which require the degree of concentrated and coordinated public investment provided by a comprehensive city demonstration program. At least a part of the area should consist of what would generally be regarded as hard-core slums in which low-income families are concentrated. It must be administered with sufficient flexibility to permit a city to concentrate its program in those neighborhoods in which the city believes there exist the best opportunities for helping its disadvantaged people and receiving maximum economic and social returns on its investment.

Second, the demonstration program must be of sufficient magnitude (1) to make a substantial impact on the social and physical problems and to remove or arrest blight and decay in entire sections or neighborhoods; (2) to contribute to the sound development of the entire city; (3) to make marked progress in reducing social and educational disadvantages, ill health, underemployment, and enforced idleness; and (4) to provide educational, health, and social services necessary to serve the poor and disadvantaged in the area, widespread citizen participation in the program, maximum employment opportunities for residents of the area in all phases of the program, and enlarged opportunities for work and training.

These criteria will require a demonstration program to deal with sections or neighborhoods which contain a substantial percentage—as much as 15 to 20 percent—of the substandard dwelling units in the city. They will require that the program include the social components necessary to serve the substantial percentage of the cities' poverty households, welfare families, illiterates, and unemployed who reside in the sections or neighborhoods covered by the demonstration program.

Many of the educational and social services which must be part of the demonstration program can be provided under community action programs supported by the Office of Economic Opportunity, and educational and other programs supported by the Department of Health, Education, and Welfare. The development of job skills, and on-the-job training can be provided with the assistance available under the program of the Department of Labor. Opportunities for

employing residents in the program can be provided through appropriate arrangements with lending institutions, private construction firms, and labor unions involved in the rehabilitation and construction activities that are part of the program.

Third, the program, including rebuilding or restoration, must contribute to a well-balanced city with a substantial increase in the supply of standard housing of low and moderate cost, maximum opportunities in the choice of housing accommodations for all citizens of all income levels, adequate public facilities (including those needed for education, health and social services, recreation, and transportation), commercial facilities adequate to serve the residential areas, and ease of access between the residential areas and centers of employment.

Existing Federal grant-in-aid programs can be utilized to help fulfill the requirement of these criteria. For example, the existing Federal grant-in-aid program for neighborhood facilities can help in the provision of physical facilities needed to house many social services and the existing mass transit program may finance needed transportation facilities. The Elementary and Secondary Education Act may provide needed educational services.

These criteria are designed to assure that the demonstration area is not treated as a special enclave apart from the rest of the city. What is done in the demonstration area must be regarded as a part of the overall improvement of the city. A "well-balanced city" is one which contains a mixture of the facilities and services needed to serve the diverse groups living and working in the city. It implies a variety of housing types, sizes, and prices to provide an adequate range of choice for all who want to live in the city. It implies adequate and convenient commercial facilities to serve the needs of the residents. It implies adequate job opportunities and a transportation system to permit ready movement between residence and shopping and working areas. It implies adequate public facilities, including parks and other recreational facilities. In sum, a "well-balanced city" is one which provides the full range of services and opportunities which any citizen can expect as a part of city living.

The substantial increase in the supply of low- and moderate-cost housing required by these criteria will generally involve use of the public housing program and the rent supplement program, as well as a substantial amount of rehabilitation of existing housing. Clearance of structures will play a significant part in many demonstration programs, and considerable new construction of low-income housing will be necessary. However, a great amount of rehabilitation and reconstruction in the area will be essential to provide sufficient additional low-income housing and minimize dislocation of families and businesses.

Very often, rehabilitation and improvement of substandard and deteriorating units can make them suitable. Some units require relatively minor repairs; others require considerable rehabilitation. In some instances rehabilitation can be carried on without any displacement of occupants. In many areas temporary relocation in the neighborhood can be arranged, and in some instances relocation to another neighborhood will be necessary.

Fourth, the city's program must be more than a statement of goals. It must be a definite plan of action. Projects and activities to be undertaken must be scheduled and ready for initiation within a reasonably short period of time. In addition, the criteria require that

(1) the local governing body has approved the program and, where appropriate, application for assistance under the program; (2) adequate local resources are, or will be, available for the completion of the program as scheduled; (3) agencies whose cooperation is necessary to the success of the program have indicated their intent to furnish such cooperation; (4) administrative machinery is available at the local level for carrying out the program on a consolidated and coordinated basis; (5) local laws, regulations, and other requirements are, or can be expected to be, consistent with the objectives of the program; (6) the demonstration program include a plan for relocating individuals, families, business concerns, and nonprofit organizations displaced or to be displaced in carrying out the program; and (7) the demonstration program be consistent with comprehensive planning for the entire urban or metropolitan area.

These criteria require that a local proposal for a demonstration program indicates both the resources currently available and those resources which can reasonably be expected to be available during the course of carrying out the demonstration.

Agencies whose cooperation is necessary to the success of the program will be expected to make reasonable commitments to the extent such commitments are feasible. Obviously, a school board could not commit itself to the construction of a school if such construction were dependent upon a future bond election. However, cooperating agencies will be expected to pledge their support of the program and their intent to carry out necessary actions to the fullest extent they can.

No specific administrative structure is necessary to meet the requirements of the criteria. The city is free to devise its own administrative machinery and it is likely that few administrative structures will be exactly the same. All that will be required is that the machinery devised be adequate to carry out the program on a concentrated and coordinated basis and that sufficient authority and power exist to assure that the demonstration program can be carried out as proposed.

The relocation plan required by the criteria must provide concrete evidence that there will be available for families who are displaced decent, safe, and sanitary housing within their economic means. In addition, adequate provision must be made for assistance and relocation payments to families, business concerns, and nonprofit organizations displaced as a consequence of a city demonstration program. The relocation activities are to be coordinated, to the maximum extent feasible, with the contemplated increase in the housing supply for the entire city in order to assure the availability of decent, safe, and sanitary housing for people of low and moderate income.

The relocation provisions included in the demonstration cities program would make available to those displaced by any activity undertaken as part of a demonstration program relocation aids and benefits as liberal as those now provided in the urban renewal program. Where relocation payments authorized in existing Federal programs utilized in connection with the demonstration program are less than now authorized in the urban renewal program, demonstration grant funds will supplement the relocation payments authorized in these existing programs to make up the difference.

The requirements imposed by the criteria with respect to comprehensive planning recognize that central cities are the economic and cultural cores of larger urban or metropolitan areas. Their activities affect the entire urban or metropolitan area. And the cities, in turn,

are affected by activities undertaken in the entire area. No element of rational urban development is more important than the carrying on of sound comprehensive planning for entire urban and metropolitan areas. Cities will be expected to continue to cooperate with other governmental bodies in the metropolitan area to assure and promote sound community growth.

Fifth, the comprehensive city demonstration program must meet such additional requirements as the Secretary may establish to carry out the purposes of the program authorized by title I of the bill.

This customary general provision has two purposes: (1) To serve as a base for procedural requirements which would be inappropriate for inclusion in legislation; and (2) to permit the closing of unforeseen loopholes. The committee does not intend that this provision be used to impose substantive criteria unrelated to those prescribed in the bill.

ACTIONS EXPECTED OF THE SECRETARY

The bill requires that in implementing the demonstration program, the Secretary of Housing and Urban Development shall—

(1) Emphasize local initiative in the planning, development, and implementation of comprehensive city demonstration programs;

(2) Insure, in conjunction with other appropriate Federal departments and agencies and at the direction of the President, maximum coordination of Federal assistance provided in connection with this title, prompt response to local initiative, and maximum flexibility in programing, consistent with the requirements of law and sound administrative practice; and

(3) Encourage city demonstration agencies to (A) enhance neighborhoods by applying a high standard of design, (B) maintain, as appropriate, natural and historic sites and distinctive neighborhood characteristics, and (C) make maximum possible use of new and improved technology and design, including cost reduction techniques.

The committee wishes to stress that the demonstration program is based on local initiative, and local responses to local problems. The bill requires, and the committee intends, that a city's comprehensive demonstration program be planned, developed, and carried out by local people. The character and content of the program must be based on local judgment as to the city's needs.

The committee is aware that the demonstration program will require far more effective coordination of existing Federal programs than has been achieved in the past. The committee expects the Secretary to utilize his existing authority to assure that cities' comprehensive demonstration programs are not disrupted by a failure to coordinate activities under existing Federal grant-in-aid programs.

Massive rebuilding and restoration programs provide unique opportunities for applying the fruits of our technological advances to the home building and rehabilitation industries. The committee expects the secretary to require maximum use of such advances in the construction and rehabilitation of homes and buildings. In addition, the committee expects the Secretary to encourage city demonstration agencies to make greater efforts to make new and existing structures as attractive as possible.

PARTICIPATION IN THE PROGRAM

The ultimate success of this new program rests upon the ability of local people to assess their own most pressing problems and devise their own solutions to those problems. The cities themselves, by their actions, will determine which of them participate in this program. Those cities which can concentrate their resources, identify their problem areas, and develop sound imaginative solutions will be the first to qualify.

But all cities will benefit from the solutions to urban problems developed through the demonstration cities approach. Your committee is confident that every city will ultimately use this "total attack" approach to solve its urban problems.

The committee intends that the assistance provided by title I of the bill be given to cities of all sizes and in all parts of the country. This will enable the program to demonstrate the wide range of methods available to deal with the diversity of problems that face cities of all sizes throughout the country.

The committee expects the Secretary to take into account the special needs of smaller cities that do not ordinarily have the staff of technicians and experts which would enable them to move quickly under a program of this nature. In reviewing the content of a proposed demonstration program of the smaller cities, the committee expects that the Secretary will understand that, because of their small size and particular circumstances, many cities do not have all of the problems to which the criteria in title I of this bill are directed. The committee expects that the demonstration program of a smaller city will be deemed adequate to meet the criteria of title I of this bill if the program proposed is of such magnitude and includes such social services and activities, as are appropriate to its size and particular circumstances.

ADDITIONAL URBAN RENEWAL GRANT AUTHORITY

During the hearings on the bill as introduced, it became clear that the urban renewal program would be the principal existing Federal grant-in-aid program utilized in connection with cities' demonstration programs. Fears were expressed by a number of witnesses that cities participating in the demonstration program would drain off large amounts of existing urban renewal grant authorization.

The committee believed that additional urban renewal authorization was justified to assure that the demonstration cities program would not use a disproportionate amount of existing urban renewal grant authority to the detriment of cities which do not participate in the program, particularly small towns. To avoid this the bill authorizes \$250 million in new additional urban renewal grant authority which would be available after July 1, 1967, for urban renewal projects which are identified and scheduled to be carried out as one of the projects or activities included within approved city demonstration programs.

The committee wishes to stress, however, that the comprehensive city demonstration program is not intended to be used simply as a means of accelerating urban renewal projects. The program is designed to place in better balance social and physical renewal programs aimed at meeting the needs of people living in slum and blighted areas.

Your committee also wishes to make very clear its intent that the demonstration cities program will not in any way change the flow of funds, as among cities, under existing grant-in-aid programs. The demonstration cities program does not provide any priority in the use of existing Federal grant-in-aid programs for cities which participate in the demonstration program. The demonstration cities program contemplates that the funds that would normally flow to participating cities from existing grant-in-aid programs, plus the additional—supplemental—grant funds authorized by title I of this bill, will finance the demonstration programs.

COST OF THE PROGRAM

The administration proposed an open end authorization for appropriations of the sums necessary to carry out the demonstration program.

The President's message transmitting the program to the Congress indicated recommended appropriations, over a 5-year period, totaling over \$2.3 billion.

Title I of the bill reported by the committee would authorize appropriations of not to exceed \$12 million for financial assistance for planning comprehensive programs for the fiscal year ending June 30, 1967, and an equal amount for the fiscal year ending June 30, 1968. The committee believes that \$12 million would be adequate to finance planning by 60 to 70 cities which is the estimated number of participants contemplated in the first year of the program. The committee desired to authorize planning funds for those additional cities which may be ready to begin planning demonstration programs during fiscal 1968.

For the purpose of providing the supplemental grants needed to carry out the comprehensive demonstration programs planned by the cities, the committee has authorized to be appropriated not to exceed \$400 million for the fiscal year ending June 30, 1968, and not to exceed \$500 million for the fiscal year ending June 30, 1969. The committee believes that these authorizations are adequate to fund this program over the next 2 years. The funds authorized are consistent with the expenditure estimates provided by the administration.

During this period, the committee and the Congress will have an opportunity to evaluate the experience under this program. If it is as successful as the committee expects it to be, the committee and the Congress can provide—on the basis of plans submitted by the cities, the progress of activities under demonstration programs being carried out, and the budgetary situation existing at the time—a continued reasonable annual rate of funding for this program.

The committee wishes to stress that (except for \$12 million for planning demonstration programs) the funds authorized by title I of this bill cannot be spent until after July 1, 1967.

PREVAILING WAGE REQUIREMENTS

All projects included within a comprehensive city demonstration program and assisted under an existing grant-in-aid program are subject to those provisions in the statute authorizing the existing grant-in-aid program which require the payment of wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor.

In addition, title I of the bill requires that all laborers and mechanics employed by contractors or subcontractors on projects, the construction, rehabilitation, repair, or alteration of which is assisted with Federal funds provided under the demonstration cities program (and which are not subject to any other provision of Federal law imposing labor standards) shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor. Projects which are not assisted under an existing Federal grant-in-aid program, other than the demonstration cities program, and involving the construction, rehabilitation, alteration, or repair of residential property, are subject to the labor standards provisions of title I of the bill only if such residential property is designed for use for eight or more families.

TITLE II—PLANNED METROPOLITAN DEVELOPMENT

BACKGROUND

Today, 125 million Americans—two-thirds of our total population—live in metropolitan areas. Twenty years from now we will have added, according to conservative estimates, 54 million people to our metropolitan population, the great bulk of them in suburban areas.

Federal, State, and local governments will be spending, over this period, billions of dollars for basic services for these areas—for highways and other forms of transportation, parks, sewer and water systems, and the other community facilities for which supplementary grants would be provided. Careful and effective planning can greatly reduce the capital costs of these services and can, in addition, make great contributions to our goal of a suitable living environment for every American family.

Evolution of Federal planning policies

During the past 17 years, the Federal Government has increasingly supported planned urban development.

Under the Housing Act of 1949, slum clearance and urban redevelopment projects were required to be consistent with local plans for the municipality as a whole.

The Housing Act of 1954 established the citywide "workable program" requirement for the expanded urban renewal program, for public housing, and for renewal-related FHA housing programs. The emphasis was placed on total community effort. Planning became an integral workable program element to help guide citywide growth and improvement.

The 1954 act also created the "section 701" urban planning assistance program. Grants were made available to help prepare the comprehensive plans required for local workable programs and renewal activities. Assistance was also provided for metropolitan planning activities, as distinct from citywide planning.

The first requirement for metropolitanwide planning as a condition to Federal assistance was applied to the open-space land program under the Housing Act of 1961. Next, the Federal-Aid Highway Act Amendments of 1962 established the requirement for metropolitan areawide transportation planning carried on cooperatively by States and local communities. In 1964 and 1965 new programs with areawide planning requirements were established to assist such activities

as mass transportation, the provision of basic water and sewer facilities, and land development for subdivisions and neighborhoods.

These requirements have resulted in an increased tempo of metropolitan planning. Much of the planning is, however, still directed toward meeting the specific Federal planning requirements and has not resulted in effective overall planned development. Furthermore, only a few metropolitan areas have developed arrangements to effectively coordinate actions to implement local planning. The proposed new program is needed to encourage the many divergent public bodies in metropolitan areas to overcome these defects.

The proposed new program under title II would meet this problem through better coordination of Federal assistance, minimum requirements for local planning and coordination under existing Federal grant-in-aid programs, and through its special incentives for multipurpose planning and for areawide implementation of plans. It would provide incentive grants only when planning and implementation are found to be satisfactory for all major developments within the area.

PRINCIPAL PROVISIONS OF THE TITLE

Cooperation between Federal agencies

Section 202 of the bill would help assure that all Federal programs related to metropolitan development are carried out in a coordinated manner by specifically authorizing the Secretary of Housing and Urban Development to obtain from other Federal agencies statistical data, program reports, and other material needed to carry out the metropolitan area responsibilities of the Department. Federal agencies carrying out metropolitan area programs would also be directed, to the maximum extent practicable, to consult with and seek advice from all other significantly affected Federal agencies.

These provisions would be of special importance in connection with the functions of the new "metropolitan expeditors" described below. They must, in order effectively to assist localities within metropolitan areas, be able to act as a clearinghouse for general information and advice with regard to all metropolitan area programs, rather than just those of HUD. It will be very important that the other Federal agencies having program responsibilities within such areas work closely with them.

It is not intended, however, that these provisions change the present arrangements for HUD reimbursement of other Federal agencies in providing special materials or other services. Rather, it is intended to emphasize that other agencies are to cooperate fully in providing such services, consistent with their own authority and responsibilities.

Metropolitan expeditors

Section 203 of the bill would authorize the Secretary of Housing and Urban Development, upon the request of authorized local officials and after consultation with local governmental authorities, to appoint for any metropolitan area a "metropolitan expeditor" to provide information, data, and assistance to local authorities, organizations, and persons and to relevant Federal agencies with respect to the Department's programs and activities and other related activities and needs in the area.

Under this authority the expeditor, acting through a staff as necessary, would provide detailed information about, and continued liaison with, programs of the Department of Housing and Urban Development. He would also provide general information with respect to programs of other Federal and State agencies, but his function with respect to such programs would be only as a clearinghouse. The other agencies themselves would be responsible for providing more detailed information and continuing liaison, as part of their own program operations.

The expeditor would also provide information and assistance with respect to other related public and private activities in the area. For example, he could work with local government officials to help resolve conflicts between the planning and programing of federally assisted and other local projects. However, his services would be provided only on local request and his role would be entirely advisory. In no way would he impose Federal control over local decisions affecting urban development.

Coordination of Federal aids in metropolitan areas

Section 204 of the bill would require that all applications for Federal loans or grants to assist in carrying out projects for open-space land, hospitals, airports, libraries, water supply and distribution facilities, sewerage facilities and waste treatment works, highways, transportation facilities, or water development and land conservation within any metropolitan area must, after June 30, 1967, be submitted for review and comments by a metropolitanwide comprehensive planning agency which is, to the greatest extent practicable, responsible to the elected officials of the general local governments. It would further require that such an application by a special purpose unit of local government must also be submitted to any affected general local governments.

The comments would be required to include information concerning the relationship of the proposed project to local and metropolitanwide comprehensive planning. The Federal agency to which the application is submitted would not be required to follow these local comments. It would use them only to assist in determining whether the application is in accord with the provisions of its own enabling legislation.

It should be noted that section 204 of the bill establishes a policy under which the areawide planning agency members will be "composed of and responsible to the elected officials" of the local units of general government. This will help to assure that the planning agencies are familiar with local needs and desires and with the practical problems involved in adopting areawide plans. It will also help to assure that such plans, once adopted, actually guide the activities of local governments within the area.

The legislation does not establish this policy in the form of an absolute requirement, but only one to be carried out "to the greatest practicable extent." The membership of existing metropolitan planning bodies in fact varies widely. In some cases, some members are appointed at the State, rather than the local, level. In others, certain State officials, such as the highway commissioner, are ex officio members. Also, some areas have found it desirable to provide for planning agency representation from transit authorities or other local special-purpose units of Government. It would not be appropriate for the Federal Government, in administering this policy, to attempt to

dictate the exact composition or method of appointment of areawide planning bodies.

Proposed new grant program for planned metropolitan development

Sections 205 through 207 of the bill would authorize, within the Department of Housing and Urban Development, a new program of supplementary grants to localities and other public bodies in metropolitan areas as an additional Federal incentive for effective metropolitan planning and development, as recommended by the President.

The proposed grants would supplement existing Federal assistance to programs for transportation facilities (including mass transit, roads, and airports), water and sewer facilities, recreation and other openspace areas, specialized library facilities, and hospital and medical facilities. Grants would be for up to 20 percent of the cost of such projects.

Eligibility of metropolitan areas

Before supplemental grants can be made for projects in a particular metropolitan area, it will have to be shown that (1) metropolitanwide comprehensive planning and programing provide an adequate basis for the location and scheduling of public facilities and land developments of metropolitanwide or interjurisdictional public significance; (2) adequate areawide arrangements exist to carry out such planned and coordinated development; and (3) public facility projects (whether federally aided or not) and other land developments having a major impact on the development of the area are in fact being carried out in accord with comprehensive planning and programing.

Eligibility of applicant

Not all localities or other public bodies in an eligible metropolitan area could receive supplemental grant assistance under the program. An applicant public body would have to show that public facility projects and other activities over which it has jurisdiction and which are of interjurisdictional or areawide significance are being carried out in accord with the metropolitan planning and programing. The objective would be to further areawide and interjurisdictional coordination where that is needed.

Special attention would be given to whether the applicant is effectively assisting in, and conforming to, metropolitan planning and programing through the location and scheduling of its public facility projects and its establishment and consistent administration of zoning codes, subdivision regulations, and similar land-use and density controls.

This requirement could not, of course, be applied directly to a sewer district or other special-purpose body. If the applicant is not a county, municipality, or other general-purpose government, then the general-purpose government having jurisdiction over the location of the project would also have to qualify under the program.

Role of areawide comprehensive planning agency

The metropolitanwide comprehensive planning agency would be expected to assist materially in making these necessary determinations of eligibility. It would provide comments on the consistency of assisted development projects with areawide planning and programing. It would also report on the overall status of the area's development activity, as it relates to carrying out areawide planning and programing.

Programs receiving supplemental grants

Applicants under 10 Federal grant programs would be eligible to receive supplemental assistance under the new program:

(1) Grants for basic water and sewer facilities, administered by the Department of Housing and Urban Development under the Housing and Urban Development Act of 1965;

(2) Grants for the construction of libraries, administered by the Department of Health, Education, and Welfare under title II of the Library Services and Construction Act;

(3) Grants for the construction and modernization of hospitals and other medical facilities, administered by the Department of Health, Education, and Welfare under the Public Health Services Act (Hill-Burton Act);

(4) Grants for construction of sewage treatment works, administered by the Department of Interior under the Federal Water Pollution Control Act;

(5) Grants for highway construction (Federal-aid primary and secondary systems and urban extensions, but not the Interstate System) administered by the Department of Commerce;

(6) Grants for airport development, administered by the Federal Aviation Agency under the Federal Airport Act;

(7) Grants for urban mass transportation facilities and equipment, administered by the Department of Housing and Urban Development under the Urban Mass Transportation Act of 1964;

(8) Grants for acquisition and development of open space, for beautification and improvement, or for historic preservation, administered by the Department of Housing and Urban Development under the Housing Act of 1961 (the historic preservation provisions would be added to the 1961 act by title VI of this bill);

(9) Grants for the acquisition and development of lands and waters for recreation purposes, administered by the Department of the Interior under the Land and Water Conservation Fund Act of 1965; and

(10) Grants for public works and facilities in redevelopment areas, administered by the Department of Commerce under the Public Works and Economic Development Act of 1965 (but only if they involve works or facilities of a type which the Secretary of Housing and Urban Development determines to be eligible under items (1) through (9)).

The supplemental assistance provided under this bill is directly keyed to critical types of development projects for which there has already been Federal recognition of need and a commitment to assist in meeting these needs. The supplemented programs all play key roles in well-planned metropolitan development. Transportation facilities, water and sewer systems, and recreation and open-space areas are especially important in knitting together metropolitan regions and helping to shape their growth. A highway or a rapid transit line, for example, can open large areas for suburban development, and influence the scheduling and location of other public facilities to serve such development. Similarly, the location of water and sewer lines and of parks and other open-space areas can greatly affect local subdivisions and other development. If planned inconsistently, these projects can distort urban growth, and one project can greatly reduce, or even negate, the benefits expected from another.

The other programs supplemented by the bill have, in general, less influence in metropolitan growth. However, for them also, areawide development planning and programing is of special importance. Thus, the large capital investments, and the degree of specialization involved in hospital facilities, make them particularly dependent on effective areawide planning for proper scheduling, location, and coordination.

Limitations on grants

A supplemental grant could not exceed 20 percent of project cost. Thus, projects under an eligible program with a 50-percent grant level could receive a total of 70 percent in Federal support.

However, in no case could total Federal contributions exceed 80 percent. Under the mass transportation program, for example, Federal grants could be raised from 66⅔ percent only to a maximum of 80 percent, and not 86⅔ percent.

Also, the grant supplement could in no case exceed the basic grant amount.

Furthermore, no activities are to receive supplemental assistance under both this program and the comprehensive demonstration cities program, under title I of this bill.

Effect on basic grant programs

The supplemental grants provided under the new program would not affect the basic grant programs themselves, which would continue in full force and effect. The new program would merely increase the Federal share of the cost of development projects meeting the standards of metropolitan coordination set out in the bill. In this way, the proposed grants would reward State and local governments which have actually reached, and provide encouragement for others to reach, a high level of metropolitan planning and arrangements for coordinated development.

The amount of a supplementary grant would be based on a certification, by the Federal agency having responsibility for the basic program, of the cost of the assisted projects and of the amount of non-Federal contributions. These certifications and other aspects of administering their own programs will remain under the full control of the individual Federal agencies.

Authorization for appropriations

The title would authorize grant appropriations of up to \$25 million for fiscal year 1967 and \$50 million for fiscal year 1968.

TITLE III—FHA INSURANCE OPERATIONS

Below market interest rate financing of sales housing for low-income individuals and families

Homeownership is a fundamental goal of our national housing policy. Through legislation extending back to the early 1930's, millions of American families have been able to achieve this goal who could not otherwise afford it. In spite of this, there are still many families whose incomes fall just short of the level needed to buy homes of their own. A major deterrent to homeownership is the extremely heavy burden of financing costs which in many cases amount to more than the cost of the home itself. The committee has included a provision in the bill, section 310, which would offer on an experimental

basis, FHA financing to low income families at the same 3-percent interest rate now available to rental and cooperative projects for moderate income families and to housing for the elderly. This financing would be available in neighborhoods which consist largely of deteriorating or substandard housing and could be used only if the housing is rehabilitated to bring it up to an adequate level. Through this approach, there is an immediate public benefit when the housing is rehabilitated and the neighborhood improved, and there is the further benefit of making homeownership possible for deserving families.

The program would enable low-income individuals and families to buy rehabilitated homes with as low as \$200 downpayments and with FHA-insured mortgages bearing below-market interest rates. FHA-insured below-market interest rate mortgages would also finance the purchase of the housing by nonprofit organizations and its rehabilitation by those organizations for resale to the low-income individuals and families. The Federal National Mortgage Association would assist in the financing of the housing by commitments to purchase and purchase of the mortgages under its special assistance program. Under existing law the maximum interest rate on the mortgages would be 3 percent per annum.

The program is designed to enable highly motivated families to buy their own homes rather than subsidizing their renting of a house or apartment. It is patterned after programs being carried out in St. Louis and a few other cities, and is based on the premise that homeownership can play a large part in the conservation of neighborhoods and the prevention of the growth of blight and slums.

Under the bill, mortgages aggregating not more than \$20 million in outstanding balances at any one time could be insured by FHA where the mortgagor is a nonprofit organization financing the purchase and rehabilitation of deteriorating or substandard housing for resale to low-income home purchasers. The housing must consist of five or more single-family dwellings. They can be detached, semi-detached, or row construction. The mortgage would bear interest at the rate permitted for below-market rental housing under the FHA section 221(d)(3) program (currently 3 percent per annum), and could be amortized in accordance with such terms as the Secretary of Housing and Urban Development may prescribe. The amount of the mortgage could not exceed the appraised value of the property plus the estimated cost of rehabilitation. The mortgage would provide for the release of the individual dwellings from the lien of the mortgage when the dwellings are sold.

A nonprofit mortgagor must demonstrate to the satisfaction of the Secretary that the property to be rehabilitated is (1) located in a neighborhood which is sufficiently stable and contains public facilities and amenities that would support long-term values, or (2) that the rehabilitation to be carried out by the mortgagor, plus private and public activities in the neighborhood, will be of such scope and quality as to give reasonable promise that a stable environment will be created in the neighborhood.

The nonprofit mortgagor would be required to agree that after the housing is rehabilitated it will offer to sell the dwellings to individuals or families who have incomes below the maximum amount that would permit them to be eligible (in their area) for rent supplements under the Housing and Urban Development Act of 1965. Under

that act, the income cannot exceed the maximum amount permitted in the area for occupancy of federally aided low-rent public housing.

Purchase of the dwellings by the low-income purchasers would be with FHA-insured mortgages bearing the same low interest rate as the mortgage given by the nonprofit organization selling the housing. The downpayment would be not less than \$200, which could be applied in whole or in part toward closing costs. The purchase price would be that portion of the unpaid balance of the nonprofit organization's mortgage covering the property which is allocable to the individual dwelling being sold.

Upon sale of a dwelling by the nonprofit organization, the dwelling would be released from the lien of the mortgage given by the nonprofit organization for financing the purchase and rehabilitation of the housing.

A mortgage given by a home purchaser under the program would be required to contain a provision that if the purchaser does not continue to occupy the housing, the interest rate will increase to the highest rate permitted by FHA under the section 221 program at the time the commitment was issued to insure the mortgage of the nonprofit organization which rehabilitated the housing. However, the increase in interest rate would not be applicable if the home purchaser sells the property to another purchaser who is either (1) the nonprofit organization from which he purchased, (2) the local housing authority of the area, or (3) another low-income purchaser approved by the Secretary.

The Davis-Bacon prevailing wage requirements would apply to undertakings of more than eight units. Donated labor and the labor of the prospective homeowner would be exempt.

Pending sale of individual dwellings, a nonprofit organization could operate them as rental housing, with rentals regulated by the FHA in the same manner as the below market 221(d)(3) rental housing.

Provision is also made for full or partial waiver by FHA of the payment of premiums for mortgage insurance under the new program.

FHA financing for veterans

The new liberal mortgage insurance program for housing for veterans authorized by the Housing and Urban Development Act of 1965 would be made available to a veteran even though he has previously received a VA direct, guaranteed, or insured home loan. Under this program a veteran can purchase a home with an FHA-insured mortgage with no downpayment required on the first \$15,000 of the value of the home, a 10-percent downpayment on the value of the home over \$15,000, but not in excess of \$20,000, and 15 percent downpayment on the value in excess of \$20,000. Your committee sees no reason why the benefits of this liberal form of FHA financing should be denied to veterans who previously used their GI entitlement.

Cooperative housing

The FHA cooperative housing program would be liberalized in four respects:

1. The per family unit limitations on the amount of a cooperative housing mortgage would be increased by \$2,500.

2. The amount of a supplemental insured loan could be larger where the loan finances improvements of community facilities for an existing cooperative housing project. Under present law, an insured supplemental loan is limited to an amount which, when added to the out-

standing mortgage indebtedness on the property, creates a total outstanding indebtedness which does not exceed the original principal obligation of the mortgage. Under the amendment, a supplemental loan for improvements or facilities could be up to 97 percent of the value of the improvements and facilities, so long as the total outstanding indebtedness does not exceed the limits imposed under the law on the original mortgage financing the housing.

3. Compliance with prevailing wage requirements applicable to the construction of multifamily housing could be waived where families who will occupy the housing donate their labor in order to lower their housing costs.

4. Certain technical obstacles would be removed to the transfer of insurance of management-type FHA cooperative housing insured mortgages to insurance on a mutual basis.

Mortgage limits—Low income housing

In order to enable the FHA home mortgage insurance program for low- and moderate-income families [sec. 221(d)(2)] to be more operative under present increased housing costs, the limit on the amount of an insured mortgage would be increased from \$11,000 to \$12,500 in the case of a single-family dwelling, and from \$18,000 to \$20,000 in the case of a two-family dwelling.

Waiver of deduction of insurance benefits when multifamily mortgage is assigned

Another provision in the bill would help mortgagors of FHA multifamily housing projects who, in spite of good management, are in default on their mortgages. Under this provision, FHA could, in cases of assignments of mortgages in default, waive all or part of the 1 percent deduction from insurance benefits it pays the mortgagee. Under the present law, because of this deduction from insurance benefits when a mortgage is assigned to FHA rather than being foreclosed, many mortgagees may exercise their option to foreclose, since the 1 percent deduction in the case of assignment may be greater than the cost of foreclosing. This results in foreclosures in cases where the mortgagors could, if given more time, through good management, restore their mortgages to a current condition. Mortgagees would be more willing to assign the mortgages rather than foreclose if the deduction from insurance benefits in cases of assignment is waived in whole or in part. If a mortgage is assigned to FHA, FHA can permit the mortgagor to continue operating the project and in some cases help the mortgagor to cure the default in the mortgage. This would be a benefit not only to the mortgagor, but also to the FHA.

Reactivation of Capehart armed services housing program

There is a pressing need in many communities for additional housing for servicemen and their families in connection with military bases. Unfortunately, budgetary restrictions limit the amount of funds available for direct military construction of this housing. To meet this need, the bill would revive the program of FHA mortgage insurance to finance housing for the Armed Forces (popularly known as the Capehart program). Because this program employs private capital, it can provide this much needed housing without strain on the Federal budget. The bill would authorize financing for 60,000 such units over the next 3 years with a maximum average amount of \$17,500 per

dwelling unit. The maximum interest rate on these loans would be 5½ percent.

Increase in units insurable under section 810 program

Section 810 of the Housing Act of 1961 authorized a limited program of FHA mortgage insurance for private offbase rental housing for service personnel. In 1963 legislation was enacted requiring line-item authorization in military construction bills for this housing. This year the House Committee on Armed Services reported legislation repealing that requirement and included the following statement in its report (H. Rept. 1763).

As indicated above, the proposed new section would eliminate the requirement for line-item authorization. In this connection, it should be noted that section 810 is presently limited to 5,000 units. The committee has been informed that all of these units have been allocated by FHA; approximately 3,500 to the Department of Defense and the balance to NASA and AEC. The committee proposes to request the Banking and Currency Committee to consider increasing the numerical ceiling now imposed on the 810 program so that the Department of Defense may effectively use this program again to meet some of its family housing needs.

The Committee on Banking and Currency concurs that this program can be helpful in meeting the pressing need for housing at military bases and NASA and AEC installations and the bill would increase the limit on this program from 5,000 units to 10,000 units.

TITLE IV—LAND DEVELOPMENT AND NEW COMMUNITIES

During the 1st session of the 89th Congress, the committee reported favorably on a new program of FHA mortgage insurance for privately financed land development which the Congress subsequently enacted as part of the Housing and Urban Development Act of 1965. That program, embodied in title X of the National Housing Act, has as its principal aim providing a stimulus to the production of an adequate supply of properly planned and improved residential sites. It also was based on a recognition of the need to provide a meaningful approach toward avoiding the wasteful disorganization which unfortunately has been the mark of much recent metropolitan land development. Since enactment of the program, the committee has observed with interest the attention the program has gained throughout the country.

Title IV of the bill is focused on extending mortgage insurance and other assistance to facilitate the development of entire new communities, and on strengthening and improving the title X FHA land development program.

Mortgage insurance for new communities

The bill would add a new provision to the existing FHA land development program under title X of the National Housing Act which would authorize the approval of a category of "new communities" for which sites could be acquired and improved with the aid of FHA mortgage insurance.

The concept of "new communities" is not unique, and many successful new town or community developments are already well

underway. Despite the difficulties in securing adequate financial backing for these projects on reasonable terms, a number of large developers have undertaken the development of well-planned new communities.

The work of developing new communities across this Nation has been and will continue to be the proper responsibility of the private sector—the mortgage banking community, land developers, the building industry, and others. It should be clearly understood that the new authority contained in the bill is in no way directed toward supplanting these successful efforts, but only toward encouraging more participation and activity by builders and developers in new community development through the availability of FHA mortgage insurance.

The Subcommittee on Housing has heard detailed testimony on the proposed program of land insurance for new communities from the Secretary of Housing and Urban Development and from numerous other witnesses reflecting many differing viewpoints. After carefully evaluating all aspects of the proposal, your committee is persuaded that the new communities provisions of this bill would be instrumental in encouraging well-planned land developments on the scale necessary to move toward orderly metropolitan growth. As future population increases occur in metropolitan areas, the bulk of these increases will take place outside the central cities, in suburbs and new communities. Action is clearly needed now to meet the demands of rapid population growth and rapid urbanization in the immediate future.

New communities under the bill would consist of land developments meeting all other requirements under existing title X, and satisfying certain special requirements under the new provision added to title X. Developments would be eligible for approval if the Secretary of Housing and Urban Development determined they will, in view of their size and scope, make a substantial contribution to the sound and economic growth of the area in which they are located, in the following forms:

- (1) Substantial economies, made possible through large-scale development, in the provision of improved residential sites;
- (2) Adequate housing for those who would be employed in the community or the surrounding area;
- (3) Maximum accessibility from the new residential sites to industrial or other employment centers, and commercial, recreational, and cultural facilities in or near the community; and
- (4) Maximum accessibility to any major central city in the area.

In the committee's view, it is clear that there are substantial problems involved in carrying forward land development for new communities on any sizable basis. Except in selected circumstances, developments cannot ordinarily approach the scale or scope necessary to assure overall economic success. For this reason, many economies which otherwise might have resulted—to the building industry, the consumer and the locality—have not been realized.

Under the bill, developments will be planned so as to assure a broad range of urban facilities and services. New communities will more readily provide nearby industrial, commercial, civic, and recreational facilities, minimizing transportation costs and efforts. They will also provide a fuller range of housing as to both the range of incomes to be served, and as to design. FHA credit assistance for these large-

scale developments will promote long-range economies in the use of our land resources, permit greater flexibility in the private housing market, and, above all, assure a greater range of choice for the home-buying public.

The new community might be served by several schools, a hospital, churches, and other community facilities. New towns, with appropriate planning, could enjoy permanent open space, natural water resources forests parks and recreation areas.

One factor which would be considered in approving a development as a new community, is its maximum accessibility to any major central city in the area. Special emphasis would be placed on maintaining close relationship between new communities and nearby major central cities.

One important purpose of the land development program enacted last year was to encourage the participation of small builders. This emphasis applies particularly with respect to new communities, and section 403 of the bill contains a clarifying amendment to this end.

The availability of FHA mortgage insurance under the new authority is especially intended to permit smaller land developers and smaller local homebuilders, as well as local mortgage lenders, to participate in the land development program. Small- and medium-sized builders will be better able, under this legislation, to obtain lots at reasonable prices on which to build houses in new communities. An increasingly important segment of tomorrow's housing market will thereby be opened to them, to the benefit both of the builders and of the new communities themselves.

One of the most persistent problems of small builders is the difficulty of securing a steady supply of reasonably priced improved building lots. They simply do not have the cash or credit facilities or even the time needed to undertake a land purchase and land improvement program to supply them with an even flow of good building sites in well-planned large subdivisions or in attractive new communities. The homebuilding industry as a whole is finding it increasingly important to market houses on the basis that the entire neighborhood or the entire new community will provide unusual attractions for the homebuyer. This trend in the industry toward large-scale planned development becomes increasingly apparent every building season.

The program of FHA mortgage insurance for land development for new communities can be helpful to small builders in a number of ways. For example, under this program the small builder can join with other small builders to acquire and jointly develop a site commensurate with their combined needs and capacities for several years of home construction. The ability to pool equity and the eligibility of fees for professional services under the FHA-insured land development mortgage will enable the small builders to retain competent technical land development staff for the operation. Each builder, however, can retain his individual building and sales operation with respect to his own lots within the larger project.

Another way in which small builders may participate is by purchasing the desired number of contiguous lots from land developers who are

not themselves homebuilders. Without the benefit of FHA credit assistance, such land developers are often forced to obtain credit backing or other participation from large- or medium-sized homebuilders in order to enable the land developers to obtain the funds with which to prepare sites in a large development. In the case of large new communities, even more extensive backing or participation is required from large homebuilder organizations. In return for such backing or other participation, the land developer must normally make firm commitments to the participating homebuilders under which the latter will have first choice of the best blocks of improved lots, thus leaving random and inferior lots, if any, to smaller builders. The availability of FHA mortgage insurance will in very many cases make it unnecessary for land developers to make such advance commitments to large- and medium-size builders. Instead, the land developer can carry the site preparation stage with the insured FHA mortgage loan; sell lots on the free market; and thereby make additional improved lots available to smaller builders.

Benefits which will accrue to smaller builders, however, will not be at the expense of medium-size and larger builders. Increased availability of credit for rational and orderly development is intended to result in increasing the supply of improved building lots at cheaper prices for all builders.

Longer mortgage maturities would be authorized for new communities under the bill. Under existing law, FHA-insured land development mortgages are limited to a maximum maturity of 7 years, except that longer maturities are permitted in the case of privately owned water or sewerage systems. Under the bill, this exception would be extended to land developments for new communities.

Other provisions affecting new communities

FNMA special assistance.—FHA-insured land development mortgages under title X are presently eligible and would continue to be eligible for FNMA purchase under its regular secondary market program. However, since the principal aim of the new authority provided in the bill is to encourage new community land developments of necessary and appropriate scale and scope, the Federal National Mortgage Association would be authorized, if needed, to purchase new community land development mortgages at the more generous terms allowable under FNMA's special assistance program. This provision will be particularly helpful during periods such as the present, when mortgage funds are in short supply.

Urban planning grants.—The bill would make available urban planning grants, under the present program of urban planning assistance, to official governmental planning agencies for areas where new communities are to be developed with mortgage insurance assistance. Such Federal grants to local planning agencies are presently available for metropolitan areas, depressed areas, and federally impacted areas.

Public facilities.—New communities would be eligible for public facilities provided by municipalities or other political subdivisions, with the assistance of loans under the public facility loan program. The population limit (50,000) on the political jurisdiction eligible to receive public facility loans would be waived in the case of public facilities serving new communities within jurisdictions whose total population would otherwise make them ineligible to receive such loans.

Increased maximum mortgage amounts for FHA-aided land development

The bill also broadens the scope of the overall existing FHA land development program by increasing from \$10 million to \$25 million the maximum outstanding mortgage amount permitted for a single development. This increase will provide the type of financial flexibility necessary to assure sufficient credit assistance for very large developments, whether they are well-planned subdivisions or entire new communities.

TITLE V. MORTGAGE INSURANCE FOR GROUP PRACTICE FACILITIES

Title V of the bill amends the National Housing Act to add a new title XI, authorizing the Secretary of Housing and Urban Development to insure mortgages on facilities for the group practice of medicine, dentistry, and optometry. (The terms "medicine" and "medical" as used in the new title XI include physicians who are duly licensed doctors of medicine or doctors of osteopathy.) The interest rate on mortgages insured under the program could not exceed 6 percent and the Secretary of Housing and Urban Development would be authorized to fix premium charges up to 1 percent of the principal obligation outstanding at any time, to cover the costs of administration and the risk of default. An insurable mortgage under the new program would be limited to 90 percent of the estimated value of the facility after construction or rehabilitation (with a maximum mortgage amount of \$5 million), and would have a maximum maturity of 25 years.

These new provisions would carry out the recommendations of both President Kennedy and President Johnson that the Federal Government guarantee the repayment of loans for the construction or rehabilitation of group practice facilities in order to ameliorate the problems of securing long-term financing for these facilities, which typically have high initial capital requirements.

Group practice is one demonstrated way of reducing hospital utilization, and of making more efficient use of scarce manpower and expensive diagnostic equipment. The demands for health care in this country are increasing rapidly, from \$27 billion in 1960 to approximately \$40 billion last year, with private spending for personal health care in 1965 alone amounting to more than \$26.1 billion—about 6.1 percent of personal consumption expenditures. The costs of health care are also increasing; the cost of hospital care has risen 5 to 7 percent a year for the past 20 years. The scarcity of health manpower has required congressional action several times in recent years, with new laws giving Federal support to the training of doctors, dentists, and other highly trained professionals. Even with these efforts, the ratio of physicians to population is expected to remain about the same over the next decade. The trend toward specialization has severely reduced the number of doctors available for general practice. The preventive diagnostic care which group practice can provide is one answer to the gradual disappearance of the family physician. Moreover, continuous common recordkeeping by all of the members of the group practice, and "one stop medicine" are distinct advantages to the patient.

Recently, on June 23, 1966, the House passed a bill to provide Federal aid for the training of personnel at the technological and technical levels in the health occupations, such as medical technolo-

gists, dental hygienists, X-ray technicians, and others. These middle-level and subprofessional staff workers are in very short supply even with the present demands for services, and the prospect is that the shortages will continue for some time into the future. In a group practice, the services of these personnel are shared by the physicians in the group, with the result that fewer technicians are required for the number of patients who receive care.

New methods of providing payment for hospital care—the increasing amount of private insurance coverage incident to employment, and public programs such as medicare—will result in more people who need services being able to make their demands effective. If the existing supply of health facilities and manpower is not to be overtaxed, it is important to make every attempt to reduce unnecessary hospital utilization. Evidence was presented to the committee that experience under the Federal employees health benefits program has demonstrated that hospital utilization rates are significantly lower among those persons who obtain their medical services through group practices. Every day of needless hospitalization avoided is an important saving to the consumer with hospital costs now averaging \$42 a day in the United States. It is important, too, as one way to stretch the existing supply of health care facilities, if we are to succeed in making the best in health care available to all in this country who need it.

As the techniques of diagnosis and treatment become more complex, the cost of equipment becomes a more significant factor in the cost of providing medical care. Just as there is clearly efficiency in sharing technical and subprofessional staff, such as nurses, laboratory and X-ray technicians, there is an equally obvious efficiency in the sharing of expensive machinery, such as laboratory and X-ray equipment.

Doctors in group practice can see more patients per week. And at the same time, the committee was told, doctors in group practice are better able to maintain their skills at the highest levels, because they share responsibility for patient care with their colleagues, and it is easier for them to participate in continuing education programs. As the practice of medicine continues to change rapidly, this is an especially important advantage to the patient.

The need to provide mortgage insurance was demonstrated not only by the shortages of health resources and the efficiencies of group practice, but also by cases of established need in which group practices have been unable to secure adequate long-term financing. The reluctance of many lenders may be attributable to the fact that a group practice facility is not always readily convertible to other uses. On the other hand, the committee heard evidence that individual doctors and dentists generally have good credit ratings and are able to obtain financing for individual practices. The committee therefore included an amendment to provide that mortgage insurance would only be available where a showing is made that the loan could not be obtained on comparable terms without mortgage insurance.

To insure that the advantages of group practice are in fact realized through the construction of the facilities insured under this title, the bill requires that a medical, dental, or optometric group engage in group practice as their principal professional activity and as a group responsibility; that they engage in the coordinated practice of their profession, share common expenses, medical and other records, and

substantial portions of the equipment and the professional, technical, and administrative staffs. A medical or dental group could operate either on a prepayment basis or on a fee-for-service basis, so long as these organizational requirements of group practice were met.

The bill applies the prevailing wage requirement of the Davis-Bacon Act to construction aided by mortgage insurance under this new title, and would require payment of wages at time and one-half rates for work in excess of 8 hours per day or 40 hours per week.

TITLE VI—PRESERVATION OF HISTORIC STRUCTURES

Need for this title

As the Special Committee on Historical Preservation (composed of top Government officials and distinguished private individuals) has pointed out:

The United States is a nation and a people on the move. It is in an era of mobility and change. Every year 20 percent of the population moves from its place of residence. The result is a feeling of rootlessness combined with a longing for those landmarks of the past which give us a sense of stability and belonging.

These same dynamic forces in our society are constantly threatening our historic and architectural resources as they shape and reshape the faces of our cities.

The recent report of that Committee, endorsed by its members from both Houses of the Congress, convincingly details both the extent and the urgency of need for more Federal assistance to localities for historic and architectural preservation. The legislative proposals in this title of the bill are based on the recommendations in that report.

PRESERVATION OF HISTORIC STRUCTURES AS PART OF URBAN RENEWAL PROJECTS

The bill amends the urban renewal law (title I of the Housing Act of 1949) to (1) provide for recognition of historic and architectural preservation in urban renewal plans, and (2) authorize preservation activities (and planning therefor) as eligible urban renewal project costs.

The majority of our historic and architecturally valuable properties are located within our cities. There they are under increasing danger of destruction from those twin forces of growth and decay which the President has warned are converging on our cities. The urban renewal program has actively encouraged and assisted in preservation activities; yet, to succeed in its efforts, it must have better tools with which to work. The committee believes that section 601, in conjunction with section 602 of the committee bill, will provide the needed tools.

Under section 601 a local urban renewal agency (LPA) could, as part of an urban renewal project, relocate historic or architecturally significant structures within or outside the project, whether or not the structures were owned by the LPA. This expands the authorization which the Housing and Urban Development Act of 1965 provided for relocation of historic structures. It authorizes relocation only within

urban renewal projects and disposition only to public bodies or non-profit organizations. The proposed increased authority would considerably facilitate the preservation of structures threatened with demolition because of other urban renewal project activities and needs.

This section also authorizes an LPA to acquire and restore properties of historic or architectural significance. This authority could be used in conjunction with the existing authority of LPA's to dispose of properties at prices that reflect special historic or architectural covenants placed upon them by the LPA. Such covenants can vary from requiring maintenance of an historic facade on a building to be otherwise used as a private residence, to requiring restoration and maintenance of an entire property as a museum.

Thus, local public agencies could acquire historic structures, restore them, and sell them to purchasers agreeing to maintain them. On the other hand, LPA's could acquire historic structures and sell them to purchasers who agree both to restore and maintain them.

The language of this section specifies the intent to assist in the preservation of structures of architectural as well as historic significance. The committee also recognizes that land and areas, as well as structures, may have special value meriting recognition and protection in urban renewal projects.

LOCAL GRANT-IN-AID CREDIT FOR RELOCATION AND RESTORATION OF STRUCTURES

Section 602 of the bill amends the urban renewal law (title I of the Housing Act of 1949) to authorize local grant-in-aid credit for certain expenditures by localities and other public bodies for historic and architectural preservation. Credit would be given only for expenditures equivalent to those which local public agencies could themselves incur as part of project activities. Such expenditures include relocation and restoration of historic and architecturally significant properties, in accordance with approved urban renewal plans. However, it would be necessary, as appropriate, to allocate restoration costs between those necessary for preservation and those needed for the proposed continued use of such properties.

GRANTS TO NATIONAL TRUST FOR HISTORIC PRESERVATION TO COVER RESTORATION COSTS

Section 603 of the bill would establish a separate program of grants to the National Trust for Historic Preservation for restoration of structures of historic or architectural value. These grants would be in addition to the proposed grants to the National Trust under S. 3035, as now under consideration by the House. Unlike those grants, they would not be limited to 50 percent of project cost, but, on the other hand, they could not be used for acquisition or maintenance. It is intended that they provide assistance only for properties which the National Trust has obtained without Federal assistance and which it agrees to maintain, after restoration, for historic purposes.

Grants under this section could not exceed \$90,000 per structure; appropriations as necessary would be authorized for the program.

URBAN PLANNING GRANTS FOR SURVEYS OF HISTORIC STRUCTURES

Section 604 of the bill amends the comprehensive urban planning program (sec. 701 of the Housing Act of 1954) to authorize the Secretary to make two-thirds grants to assist a city, other municipality, or county in making a survey of properties of historic or architectural value. Such surveys would identify properties and private information necessary to the development of a balanced and effective local historic preservation program. Grants would, preferably, be made to local agencies undertaking such surveys as part of a local comprehensive planning program. However, where no agency is qualified and willing to undertake adequate surveys, the grant could be made directly to the local public body itself, without population limitation.

Cities with less than 50,000 population are eligible for similar assistance under existing law, but only as part of a comprehensive planning program. The committee believes that the pressing need for historic and architectural preservation justifies these proposed exceptions to the general section 701 limitations on assistance.

Section 701 prohibits assistance for detailed restoration plans and cost estimates of specific projects. Such activities would instead be included as part of projects assisted under the urban renewal and historic preservation grant sections of this title of the bill.

LOANS FOR ACQUISITION AND REHABILITATION OF HISTORIC STRUCTURES

Section 605 of the bill would amend the rehabilitation loan program, under section 312 of the Housing Act of 1964, to authorize loans to tenants and present or prospective owners of structures of historic or architectural value, to finance necessary acquisition or restoration. As in the present program, the loans would be made at 3-percent interest, and would be available if financing was not otherwise available on comparable terms. The loan would have to be an acceptable risk, taking into consideration, among other factors, the need for the proposed restoration, and could be made outside as well as inside an urban renewal area. The loans would generally cover the cost of rehabilitation, with a \$10,000 per unit limit in the case of residential property and a \$50,000 limit in the case of nonresidential property.

The committee feels the need to assure that adequate loan assistance, as well as grant assistance, is available for historic and architectural preservation. The proposed loan program is an experimental one, many details of which will need to be worked out as experience is gained. It is intended, particularly, that the Secretary be given wide discretion as to the availability of these loans to private individuals, as well as to nonprofit and public bodies.

However, the Secretary should establish certain guidelines to assure that structures receive loan assistance only to the extent that they are made available for public benefit and enjoyment after restoration. This does not mean that structures must, in every case, be fully open to the public. It may be desirable, for example, to provide some loan assistance for acquisition and restoration of properties where the main public purpose is preservation of the facade of a building. In such cases, however, the loan assistance should not exceed that necessary to assure preservation of the facade, and should not, for example, finance extensive interior remodeling unless a public purpose is manifest.

GRANTS FOR HISTORIC PRESERVATION

New grant program

Section 606 of the bill amends title VII of the Housing Act of 1961 to authorize the Secretary of Housing and Urban Development to make grants to States and local public bodies for the acquisition, restoration, and improvement of areas, sites, and structures of historic or architectural value in urban areas. Grants could not exceed 50 percent of the cost of assisted activities, which would have to be in accord with the comprehensively planned development of the locality.

The present open-space land and urban beautification programs under title VII can already provide some assistance for historic preservation, but this is limited by the nature of both programs. The urban beautification program can enhance the setting of publicly owned historic structures, but it cannot assist in basic acquisition or restoration activities. The open-space land program can help acquire sites of historic value, but it cannot provide additional assistance for acquiring historic structures to the extent that such structures add to the cost of the land.

Furthermore, open-space land must be predominantly undeveloped. This is particularly restrictive of historic preservation activities in our larger cities—the very areas where such activities are most urgently needed.

The Secretary of Housing and Urban Development would establish general criteria to guide local determinations with respect to proposed historic preservation projects. However, it is not intended that these criteria be so detailed as to substitute national for local judgment. There is a wide divergence of opinion as to degrees of historic or architectural value. The separate historic or architectural value of structures in an urban area is only one aspect of the complex question of what structures should be preserved. Factors such as surrounding land use, density, and architectural continuity may be of decisive importance. Comprehensive local planning is the proper context for a locality to determine the areas and structures which it wishes to preserve.

In this program, and in its other historic preservation activities, the Department must, of course, coordinate its activities closely with those of other agencies concerned with historic preservation, particularly those of the Department of the Interior. For this purpose, the National Register proposed to be compiled by the Department of the Interior would be of considerable assistance.

Accordingly, subsection (h) of section 606 would require that the Secretary make grants under the proposed new historic preservation grant program, the proposed section 701 grants for detailed historic surveys, or the proposed special historic preservation authority in connection with urban renewal projects only in accord with criteria comparable to those used in establishing the National Register. Since the National Register will be greatly expanded under the provisions of S. 3035, this requirement will take effect only after 3 years from enactment of this bill.

The committee does not at this time, however, intend that inclusion on the National Register be a prerequisite for assistance under these programs. The question of what historic or architectural preservation activities localities should carry on is an issue of judgment which must be determined primarily by the localities themselves, subject to general

Federal guidelines. How successfully a federally established list of specific sites and properties can assist in such local determinations will largely depend on the assistance given by the localities concerned to the Department of the Interior.

In establishing comparable criteria for these local assistance programs, the Secretary of HUD should, therefore, take into account whatever objective standards of historic and architectural importance are established for purposes of the National Register. He should also take into account the need to leave to the localities the final determinations of values and priorities and the assistance that can and should be extended to the localities. As the Special Committee on Historic Preservation noted in its findings:

Those who treasure a building for its pleasing appearance or local sentiment do not find it less important because it lacks "proper" historic credentials.

While no assistance would be provided directly to individuals or private organizations, public bodies receiving Federal assistance could work closely with private organizations and individuals to provide for continued maintenance and use of assisted properties. The only restriction on the use of properties would be that their historic character must be protected permanently for public enjoyment. The committee urges, in order to minimize the Federal and local public cost of assisted activities, that development easements or other less-than-fee-simple interests be acquired whenever appropriate.

Similarly, compatible continuing private or public use of properties should be encouraged. For example, it may be both most appropriate and most economical to provide for permanent protection only of the facade of a building or group of buildings, while they continue in private ownership and use.

Historic areas, as well as specific structures, would be eligible for acquisition, restoration, and improvement. Such areas are often of more historic interest than even a number of separate buildings. Also, they can have far more effect on the local pattern of land uses than can separate buildings.

Thus, a grant might help both to preserve a number of buildings in an area and to provide special street lighting, signs, and other improvements needed for preserving its historic character. However, it is contemplated that extensive areawide projects be conducted only in slum and blighted areas, where the necessary large expenditures can be better justified by serving a double purpose.

In areawide projects, maximum use should also be made of other Federal urban assistance programs—including, in addition to urban renewal, the code enforcement, open space and urban beautification programs.

The bill does not provide any separate authorization of funds for the proposed historic and architectural preservation grants. The authorization for this new program will be derived from the existing authorization for activities under title VII of the Housing Act of 1961, which also includes open space and urban beautification activities.

The Housing Act of 1965 increased to \$310 million the authorization for grants under title VII of the 1961 act. This authorization is already fully justified in connection with projected open-space and urban beautification activities over the next several years. However, it is difficult at this time to determine the extent of additional funding

which will be required for the proposed new preservation activities. A start can be made on this new program without additional funding. This committee expects to recommend appropriate program levels for the proposed new activities as soon as experience can be gained as to the extent of need through actual program operations.

Increased demonstration grant authority

Section 606 of the bill also extends the demonstration provisions of title VII of the 1961 act. The present law authorizes special 90-percent grants for urban beautification demonstration projects which have special value in developing and demonstrating new and improved methods and material. The new legislation would provide equivalent authority for open-space and historic preservation demonstrations.

With respect to historic preservation the new authority could, for example, assist in developing new techniques for financing preservation activities, establishing historic zoning, or undertaking areawide historic rehabilitation programs.

With respect to the open-space program, the new authority would be particularly valuable in encouraging new techniques to bridge the gap between traditional regulation on the one hand and outright purchase of the open space on the other. Outright acquisition is very expensive in urban areas, and traditional zoning activities are poorly suited to control haphazard urban growth. Several alternative techniques have been proposed; but they need to be tested on a small scale, in a variety of controlled situations.

TITLE VII—URBAN RENEWAL

LOCAL GRANTS-IN-AID

The committee has received considerable evidence that department regulations and existing law are too restrictive in the treatment of certain public facilities which, while providing a citywide benefit, are at the same time important to the specific urban renewal projects. Therefore, the bill authorizes for grant-in-aid credit 25 percent of the cost of public facilities for cultural, exhibition, civic, or municipal purposes if such facilities are located within, adjacent to, or in the immediate vicinity of the project and are found to contribute materially to the objectives of the urban renewal plan.

Public facilities intended for cultural, exhibition, or civic purposes serve as centers of attraction for people from the entire urban area and bring a vitality to the project area as well as to a large surrounding area. In creating that vitality, they serve urban renewal objectives and are equally important from the standpoint of serving the project area and creating an appropriate environment.

The provision recommended by the committee assigns a 25-percent apportioned benefit for facilities which serve civic or municipal purposes which are within, adjacent to, or in the immediate vicinity of one or more urban renewal projects. This apportionment would continue to recognize that while such facilities do serve the project area in some measure, they also serve a much broader need. It was felt that a 25-percent fixed apportionment of benefits between the project and the city as whole provided a reasonable measure of the extent which such facilities generally serve several objectives.

Expect insofar as this provision accords special treatment to public facilities for cultural, exhibition, civic, and municipal purposes, the

usual rules applicable to noncash grants-in-aid shall continue to apply, including the timing requirements with respect to the date of commencement of construction in relationship to the Federal recognition of the urban renewal project and the authorization of a contract for loan or capital grant. The aggregate percentage of benefit accorded any one such facility shall not exceed 25 percent of its cost irrespective of the number of urban renewal projects in its immediate vicinity.

AIR RIGHTS SITES IN URBAN RENEWAL PROJECTS

The bill authorizes the use of air rights sites in urban renewal areas for industrial development. The covering over and proper use of the air rights above highways, railway rights-of-way, subway tracks, bridge and tunnel entrances, or other similar facilities which have a blighting influence on the surrounding area can be a productive function of the urban renewal program. In the Housing Act of 1964, the Congress authorized the carrying out of such projects and including therein the costs involved in the construction of foundations and platforms necessary for the proper use of the air rights. In that authorization, the use of these air rights was limited to the development of housing for families of low and moderate income.

Experience has shown that the maintenance of a proper economic base of a community can be just as important to the welfare of low- and moderate-income families as the construction of housing for their needs. In many of our cities, jobs are disappearing at a rapid rate as industry moves out to the countryside in an effort to find plant sites adequate to their needs. It is altogether appropriate to use the urban renewal process to assist in the provision of industrial sites needed for employment while at the same time eliminating blighting influences on the city. Through the extension of the air rights provisions to permit their use for industrial development when the area of the air rights site is unsuitable for use for low- and moderate-income housing, we will be contributing toward this goal.

URBAN RENEWAL PROJECTS SHOULD PROVIDE HOUSING FOR FAMILIES OF LOW AND MODERATE INCOME

The committee wishes to reemphasize strongly its concern that urban renewal be used more extensively for the provision of sites for the housing of families of low and moderate incomes. We are aware of the significant progress which has been made under the leadership of the present Secretary toward achieving this goal. However, we are still not satisfied that there is enough emphasis on utilizing the urban renewal program to increase the supply of housing for low and moderate income families.

In recent years, the Congress has provided special incentives to permit the sale of land in urban renewal areas at prices which would permit such housing to be built. The committee expects the Secretary to establish as his goal the use of a substantial portion of the urban renewal funds for the carrying out of projects in which the bulk of the land will be used for the provision of housing for families of low and moderate income. We will also expect the Secretary to consider the extent to which projects will contribute toward the provision of housing for low and moderate income families as one of the indicators of urgency of need in the approval of new projects.

TITLE VIII—RURAL HOUSING

Authority to buy new homes

Section 801 of the bill would amend the Housing Act of 1949 to permit the purchase of newly constructed homes. Many families are interested in buying new buildings but under the existing law only dwellings and farm service buildings that have been previously occupied may be bought with loan funds.

The need for better housing in rural America is great. A third of our population lives on farms, in the open country and in small rural towns with populations of not more than 5,500. This third of the population has half of the substandard housing in the Nation. Housing credit always has been scarce in rural areas and in recent months has been even more difficult to obtain.

The authority to buy older homes has proved to be an effective means of providing housing for rural families at a reasonable cost. It has been particularly useful in connection with low-income families. But it has become increasingly clear that restricting the authority to the purchase of previously occupied buildings is an impediment to carrying out the rural housing program most effectively.

Broadening title V of the Housing Act of 1949 to permit making loans to buy newly constructed homes would enable many families who cannot get credit from other sources to obtain adequate, modest housing with less delay and difficulty than they now encounter in planning, contracting, and building. It also would encourage local builders to participate more extensively in the rural housing program. This would be an economic stimulant to the local economy by offering market outlets for materials and employment to local residents. Local builders in small towns customarily build several houses a year with the prospect of selling them. Such builders could build houses with the expectation of selling them to families who might obtain loans from the Farmers Home Administration.

As with all houses financed with rural housing loans, finished homes would have to meet Farmers Home Administration standards. In no case would a loan be made in excess of the appraised value of the property as determined by the Farmers Home Administration.

Use of cosigners for title V loans

Section 802 would permit the use of a cosigner on any rural housing loan where the applicant does not have sufficient repayment ability. Under existing law, cosigners may be used only for elderly applicants whose income is too low to provide reasonable assurance of being able to repay the loan.

The housing needs among the low-income rural families are particularly acute. More than half of the rural families who in 1960 had incomes of less than \$3,000 were living in houses that were dilapidated or lacked complete plumbing. Their personal incomes are not adequate to provide necessary assurance that the loan payments will be met. This problem of low-income families with poor housing in rural areas could be helped considerably if they could use cosigners to compensate for income deficiency.

With the proposed amendment, many low-income families will be able to obtain loans to repair, improve, or even buy a home of their own. Without the amendment, such families would have to continue to live in substandard housing.

Increase in maximum assistance under section 504 of the 1949 act

Section 803 would increase the maximum assistance available under section 504 of title V of the Housing Act of 1949 from \$1,000 to \$1,500. Under section 504, loans and grants or combination loans and grants not exceeding \$1,000 may now be made to families with extremely low incomes to help them make essential repairs to the homes they own. If the family has enough income to repay a small loan to make minor improvements such as patching or replacing a roof, making the house weathertight, or providing a safe and sanitary water supply, such a loan may be made. In case the family does not have enough income to repay such a loan, they may qualify for a grant to make minimum essential improvements so as to remove hazards to the health and safety of the family and the community.

The \$1,000 maximum limit on assistance under section 504 was established in 1962. Building costs have increased substantially since then. Furthermore, experience has shown that the \$1,000 often is inadequate to make the necessary repairs to a rural dwelling to enable the family to have even minimum shelter. Another consideration is that the Housing and Urban Development Act of 1965 authorized grants in amounts up to \$1,500 to certain urban families. Raising the maximum amount of assistance available under section 504 to this level for low-income rural families would help give them equality of opportunity with urban families to improve their housing.

Extension of purposes of direct loans for rental housing

Under section 515 of the Housing Act of 1949 rental housing for elderly persons and families of low or moderate income may be financed with direct loans to nonprofit corporations and consumer cooperatives under subsection (a). Rental housing for any rural elderly persons and families may be financed with insured loans to applicants in general under subsection (b).

The bill would expand section 515 of the 1949 act so as to include cooperative housing and to permit direct loans for housing for non-elderly rural residents of low income and insured loans for housing for nonelderly rural residents of moderate income.

The rental housing loan program under section 515 has demonstrated its effectiveness in meeting housing needs of elderly rural families, and the committee believes it should be extended to low-income and moderate-income families in all age groups.

There are many persons under 62 in rural America with low or moderate incomes whose housing needs can best be met by economically constructed rental housing operated on a sound basis. These include families who because of personal preference or lack of sufficient income are unable to maintain a privately owned home. Some are young families who are trying to become established and who have not reached their maximum level of earning. Others are persons who have passed their earning peak but are not yet 62 years old and do not have sufficient income to purchase a decent home of their own.

About 96 percent of the houses in rural areas are one-unit structures. In 1960, 70 percent of the rural families with incomes of less than \$3,000 who were renting houses were living in homes that were dilapidated or lacked plumbing. Making rental housing available to all age groups should help many of these low-income families have a decent home in which to live.

Many elderly persons and families in rural areas who now own and occupy their own homes find them too large or too isolated or too physically burdensome to maintain. They would prefer to live in more compact quarters near food markets, doctors' offices, drugstores, and other necessary facilities. But after years of homeownership they are reluctant to commit themselves to rental housing. In other age groups families who for financial, physical, or other reasons would seek multiple-unit housing in preference to the ownership and maintenance of separate dwellings are reluctant to turn to rental housing if there is an alternative. For all these families, both the elderly and the nonelderly, cooperative housing can combine the traditional incentives and rewards of homeownership with the economies and other advantages of rental housing.

The bill would also permit section 515 loans to nonprofit corporations and consumer cooperatives to include funds to pay nonprofit consultants' fees for assistance to such borrowers. In many rural localities the elderly and the nonelderly of low or moderate income may not be able to obtain urgently needed housing except through the means of a section 515 loan to a nonprofit corporation or a consumer cooperative. However, the technical advice and assistance indispensable to forming such organizations and enabling them to qualify for loans and comply with zoning, construction, and other requirements often cannot be made available unless a way is found to pay the necessary cost. Fees payable from loan funds would be limited to fees which are charged for services rendered by qualified consulting organizations operating on a nonprofit basis and are approved by the lending agency.

Substitution of expiration date for annual volume limit for insuring rural housing loans to low or moderate income families

Section 517(a) of the Housing Act of 1949 limits to \$300 million the amount of new rural housing loans to low or moderate income families that may be insured annually, without limit as to time. The bill would remove the annual limit and provide instead a cutoff date of October 1, 1969. This would make this insured rural housing loan program consistent with the insured loans under section 515(b) of the 1949 act and with the urban housing loan programs which expire on that date.

TITLE IX—MISCELLANEOUS

Construction financing for FHA cooperative and section 221 housing

The current mortgage market has made it increasingly difficult to obtain construction financing at reasonable interest rates and reasonable service charges for cooperative housing and nonprofit rental housing for low-income families.

The bill would assist in the provision of construction financing for such housing by authorizing the Federal National Mortgage Association to make FHA-insured advances during construction of the housing where the mortgagors are cooperatives or nonprofit organizations, and the mortgages financing the housing are to be insured by FHA under its cooperative housing (sec. 213) program or its section 221(d) (3) program for low-income housing. This would include the below-market (d)(3) housing. FNMA advances would be made in cases where it has made commitments to purchase the mortgages. The advances would be limited to 95 percent of the construction financing.

The lending institutions providing the balance of the construction advances would handle all servicing and processing work through the

FHA final insurance endorsement, as FNMA is not staffed to perform those functions.

A provision has been included to require approval by the Secretary of HUD of the reasonableness of the fee to be paid to a participating mortgagee to insure that such fee will not be out of proportion to the services rendered by it and the extent of its participation in the advances.

FNMA standby commitment

The bill will permit the Federal National Mortgage Association to make advance commitments at or about the market price prevailing when the commitment is issued. Up to now such advance commitments could be issued only on a standby basis at a price substantially below secondary market prices.

In view of the critical condition in the mortgage market decisive action should be taken to make possible home construction and home financing. Before undertaking the development of a project, the builder must know that he has a source of financing and the terms on which financing is available. The amendment will accomplish that result.

Use of open-space grants for development of existing open-space land

Provisions of this title will remove an undesirable restriction on the authority of the Secretary to assist in the development of land under the open-space grant program. Present law authorizes him to make up to 50 percent grants for the development of open-space areas with—for example—access roads, landscaping, and basic recreation facilities. However, such grants may now be made only for the development of open-space land which has itself been acquired with a grant under the program.

There is an urgent need for increasing the accessibility and usability of open-space land in our urban areas, as well as to acquire additional land in advance of urban development. Land acquired under the open space program generally forms only a small part of the land suitable for such improvement. The present restriction on development grants thus tends to prevent Federal assistance for open-space development from being based on actual local needs and priorities. Therefore the bill would authorize the use of Federal matching grants under the open-space program for the development and improvement of open-space land whether or not it was acquired under this program.

Use of open space grants for high cost land

Recently the committee learned of a grant made by the Department of Housing and Urban Development under the open-space program, to a suburban community whose residents have one of the highest median incomes of any community in the country, for the acquisition of extremely expensive land adjoining proposed community tennis courts. While such a grant may technically conform to the requirements of the open-space legislation, it is clearly not within the purposes contemplated by the Congress when it authorized and appropriated funds for this program. It is not our intention that large sums of money be used for the purchase of expensive land to increase recreational opportunities for a limited number of high income families.

The committee seriously considered amending the open-space land program to forbid the making of such grants to wealthy communities. Reluctantly, it was persuaded that such an approach would be largely unworkable. However, the committee does wish to instruct the

Secretary that it does not want to hear again of any similar grants being made. Without adopting any unnecessarily rigid legislation, we will expect the Secretary to consider the relative need for the open-space land proposed to be acquired and its price. Where the acquisition of high cost land is proposed, the Secretary should give most careful consideration to the number of people who will benefit from the proposed purchase.

Applying advances in technology to housing and urban development

This title authorizes a program of research and studies to test and demonstrate new and improved techniques and methods of applying technological advances to housing construction, rehabilitation and maintenance, and urban development activities. The provisions of the title would direct the Secretary of Housing and Urban Development to encourage and promote the acceptance and application of modern techniques and methods of constructing, rehabilitating, and maintaining housing, as well as the application of technological advances to urban development activities, by all segments of the housing industry, communities, industries engaged in urban development activities, and the general public. Considerable technological advances are being made by private industry and State and local governments both with respect to the cost and quality of home construction and with respect to meeting the complex problems of urban development. Constant experimentation is being carried on in such areas as housing design, materials, and construction techniques, and in making our urban centers safer, healthier, and more attractive places in which to live.

The problem is not a lack of technological progress. Rather, it is that these continuing advances in technique are often slow to be applied. Builders are reluctant to risk making major changes in designs or materials for fear of adverse market reaction. The home buyer does not readily accept deviations from traditional housing design or materials. Communities that could benefit enormously from the application of such new urban techniques as large-scale centralized treatment of wastes or new methods of intracity transportation are often slow to move along these lines.

The program authorized by this bill will not involve basic research to develop technological improvements. It is designed to encourage and assist industry to continue to reduce the cost and improve the quality of housing and urban development activities through the application of existing advances in technology created by private research and development efforts. The program will be carried out by the Secretary directly, through contracts with public or private bodies or agencies, or by working agreements with other departments or agencies of the Federal Government. The bill authorizes appropriations of such sums as may be necessary to carry out the program.

Payments with respect to certain homes at or near military bases ordered to be closed

The Housing and Urban Development Act of 1965 included a provision designed to protect servicemen and other employees at military bases ordered to be closed by the Department of Defense from suffering a loss in value on their homes. The Department of Defense objected to the terms of that provision and failed to request an appropriation to put it into effect. Instead the Department recommended new legislation to meet this problem. The committee has considered those recommendations and incorporated them in modified form in this bill.

The bill would authorize the Secretary of Defense to acquire the homes of servicemen and other employees at military bases who are transferred or whose employment is terminated as a result of the closing at a price equal to 90 percent of the value just prior to the announcement of the closing. In the case of those who have already sold their homes or been foreclosed on or who sell their homes in the future, the Department of Defense would be authorized to make a cash payment equal to the difference between fair market value at the time of sale or foreclosure and 95 percent of the preclosing value. The committee feels that this higher ratio in the case of cash payment is well justified to help meet the expenses entailed in the sale and the advantage that the Government will not be forced to take over the property in such cases.

Appropriations for property acquisition could be made only as specifically authorized in military construction authorization acts, and moneys could be spent from the fund established to carry out the section only to the extent provided in appropriation acts. This section also repeals section 108 of the Housing and Urban Development Act of 1965, which it replaces.

In taking this action, the committee feels that it is providing well-warranted protection to servicemen and other employees at closed military bases who have suffered a loss for reasons beyond their own control and it further feels that the Secretary of Defense should request an appropriation to carry out the will of Congress.

Hydrology research for urban development

The bill provides new authority for the Secretary of Housing and Urban Development to conduct studies, investigations, research, and demonstrations to develop and improve all aspects of the science and technology of urban hydrology having reference to storm drainage systems for urban and metropolitan areas. The authority would be carried out through contracts with public or private bodies and agencies, or by working agreements with other Federal departments or agencies.

Under the new program, the Secretary will evaluate the studies, investigations, research, and demonstrations authorized, and will make available the information resulting from these activities through publications and other appropriate means. A report will be submitted annually to the President and to the Congress concerning the activities financed under the program, with such recommendations as the Secretary deems desirable for additional legislation to develop the science of urban hydrology and its application.

One of the most significant and urgent economic and technical needs in urban development is to minimize direct and indirect storm water losses and to reduce the need for future storm drainage control expenditures. The responses of urban areas to the problems of rainfall and water runoff, the definition of potential flood hazards and their probability, the approaches to proper design of storm drainage and storm water protection facilities, as well as the economic, financial, and legal needs and considerations in urban drainage and urban flood control design, are presently ill defined. For this reason, the committee is of the opinion that improved design techniques and procedures will be necessary for appropriate areawide urban and metropolitan planning, for minimizing future urban storm damages and urban storm water control expenditures, and for fostering conservation practices in industrial and domestic urban use of water. The new authority provided is intended to (1) stimulate a coordinated

research and development program to develop and improve all aspects of the science and technology of urban hydrology having reference to storm drainage systems for urban and metropolitan areas, (2) provide the means for evaluation of the studies, investigations, research, and demonstrations undertaken, and (3) make available, through publications and other appropriate means, information resulting from the studies, investigations, research, and demonstrations undertaken. The bill authorizes appropriations of such sums as may be necessary to carry out the program.

Code enforcement under urban renewal

The Housing and Urban Development Act of 1965 authorized new assistance for intensive code enforcement under the urban renewal program. This provision is aimed primarily at areas where code enforcement can arrest developing blight or restore neighborhoods with a minimum of reliance on outright clearance. That provision recognized that it would not be economic for a city to require substantial expenditures by private owners to bring deteriorating homes up to full code standards in cases where demolition under the urban renewal program or for other reasons was imminent. It has come to the attention of the committee that this has been interpreted by the Department to deny code enforcement assistance in blighted areas where eventual clearance appears likely even though such action may be some years away. Meantime, the housing continues to be substandard and may even deteriorate further, working a serious hardship on the occupants. The committee feels that this provision should be interpreted to provide the limited aid involved in code enforcement projects in such cases so that the housing will provide at least minimum decent conditions in the period while further action is being considered or planned.

Small business act

The bill amends section 8 of the Small Business Act to enable the Small Business Administration to permit members of the Service Corps of Retired Executives (SCORE) and similar cooperating nonprofit groups the use of its available office facilities and related materials and services.

Section 8(b)(1) of the Small Business Act authorizes the Small Business Administration to provide advice and counsel to small firms on matters in connection with Government procurement, and on the policies, principles and practices of good management; and to cooperate with voluntary nonprofit organizations in this activity.

It is unclear, however, whether SBA may permit such cooperating groups the use of its office facilities and related materials and services. This has proved particularly troublesome in the case of the SCORE program, under which SBA has established a Service Corps of Retired Executives to help provide management counseling to small firms. These SCORE members volunteer their services in helping SBA provide necessary management assistance to small firms as contemplated under the Small Business Act. However, the program has been hampered by doubts concerning the scope of SBA's authority to aid such volunteers. This amendment should thus significantly enhance SBA's ability to encourage such private groups to provide assistance to small firms.

The committee does not intend that SBA's facilities, materials, and services be made available under the amendment to individuals or groups attempting to influence legislation before the Congress or engaged in lobbying activities.

SECTION-BY-SECTION SUMMARY OF THE BILL AS REPORTED

Short title

The first section provides that the bill may be cited by its short title—the “Demonstration Cities and Metropolitan Development Act of 1966.”

TITLE I—COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

Section 101. Findings and declaration of purpose

This section sets forth the findings of Congress that improving the quality of urban life constitutes our most critical domestic problem, and that cities do not have the resources needed to deal effectively with this problem without additional Federal assistance in improving their physical environment, increasing the housing supply for low- and moderate-income people, and providing vital services.

It further states that it is the purpose of title I to provide additional assistance to enable cities of all sizes to plan, develop, and carry out programs to rebuild or revitalize large slum and blighted areas and expand and improve public programs and services in those areas, and to accomplish these objectives through the most effective and economical concentration and coordination of Federal, State, and local public and private activities and programs.

Section 102. Basic authority

This section authorizes the Secretary of Housing and Urban Development to make grants and provide technical assistance to enable city demonstration agencies to plan, develop, and carry out comprehensive city demonstration programs.

Section 103. Eligibility for assistance

Subsection (a) provides that a comprehensive city demonstration program is eligible for financial assistance to carry out the program only if certain specific criteria are met, including requirements that—

(1) physical and social problems in the area of the city justify a comprehensive city demonstration program to carry out the purposes of the title;

(2) the program is of sufficient magnitude to make a substantial impact on the physical and social problems and to remove or arrest blight and decay in entire sections or neighborhoods, to contribute to the sound development of the entire city, and to make marked progress in reducing social and educational disadvantages, ill health, underemployment, and enforced idleness;

(3) the program, including rebuilding or restoration, will contribute toward a well-balanced city, with a substantial increase in the supply of standard housing of both low and moderate cost; and

(4) local administrative procedures are available for carrying out the program on a consolidated and coordinated basis; local

laws, regulations, and other requirements are or can be expected to be consistent with the objectives of the program; the projects and activities involved will be initiated reasonably soon; adequate local resources are or will be available; private initiative and enterprise will be utilized to the fullest extent possible; a relocation plan meeting the requirements of the Secretary exists; the local governing body has approved the program; agencies whose cooperation is necessary to the success of the program have indicated their intent to furnish such cooperation; the program is consistent with comprehensive planning in the entire urban or metropolitan area; and the locality will continue to maintain at least the same level of expenditures for activities similar to those being assisted.

Subsection (b) provides that, in implementing title I, the Secretary shall (1) emphasize local initiative, (2) insure maximum coordination of Federal assistance and (3) encourage city demonstration agencies to enhance neighborhoods by applying a high standard of design, maintain neighborhood characteristics, and make maximum use of new and improved technology and design, including cost reduction techniques.

Subsection (c) provides that the preparation of demonstration city programs should, to the maximum extent feasible, include systematic comparative analyses of the costs and benefits of alternative courses of action and establish programming systems to assure effective use of such analyses.

Section 104. Financial assistance for planning comprehensive city demonstration programs

Subsection (a) authorizes the Secretary to make grants to, or enter into contracts with, city demonstration agencies to pay 80 percent of the costs of planning and developing comprehensive city demonstration programs.

Subsection (b) provides that such financial assistance may be provided only if (1) the application for the assistance has been approved by the local governing body of the city, and (2) the Secretary has determined that administrative machinery exists through which coordination of all related planning activities of local agencies can be achieved.

Section 105. Financial assistance for approved comprehensive city demonstration programs

Subsection (a) authorizes the Secretary to approve comprehensive city demonstration programs if, after review of plans, he determines that the plans satisfy the criteria for such programs set forth in section 103 of the bill.

Subsection (b) authorizes the Secretary to make grants to, and enter into contracts with, city demonstration agencies to pay 80 percent of the costs of administering comprehensive city demonstration programs.

Subsection (c) provides in addition that, in order to assist the city to carry out the projects or activities included within an approved comprehensive city demonstration program, the Secretary may make grants to the city demonstration agency of not to exceed 80 percent of the aggregate amount of non-Federal contributions required to be made by the locality to all projects or activities assisted by Federal grant-in-aid programs carried out in connection with such comprehensive city demonstration program. The amount of non-Federal con-

tribution required for each such project or activity would be certified to the Secretary by the Federal department or agency administering the grant-in-aid program, and the Secretary would be required to accept such determination in computing the amount of any grant made under this section.

Subsection (d) requires that grant funds provided under subsection (c) be used for projects or activities assisted under a Federal grant-in-aid program which are part of an approved comprehensive city demonstration program, or for other projects or activities undertaken as part of such demonstration program; and if used for projects or activities assisted under a Federal grant-in-aid program, such funds shall be credited toward the required non-Federal contribution to such projects or activities.

Section 106. Technical assistance

This section authorizes the Secretary to provide technical assistance to city demonstration agencies to assist such agencies in planning, developing, and administering comprehensive city demonstration programs.

Section 107. Relocation requirements and payments

Subsection (a) requires that a comprehensive city demonstration program include a relocation plan, for all displaced people and businesses, which meets the relocation standards prescribed in the urban renewal law and assures the availability of adequate housing before people are displaced, and which requires, to the maximum extent feasible, the coordination of relocation activities with increases in the supply of standard housing suitable for displaced families.

Subsection (b) requires relocation payments as provided in the urban renewal law.

Section 108. Continued availability of Federal grant-in-aid program funds

This section provides that (subject only to laws hereafter enacted expressly in limitation of this section) funds appropriated for a Federal grant-in-aid program which are reserved for any projects or activities assisted under such program and undertaken in connection with an approved comprehensive city demonstration program will remain available until expended.

Section 109. Consultation

This section requires the Secretary, in carrying out the provisions of the title, including the issuance of regulations, to consult with other Federal departments and agencies administering grant-in-aid programs.

Section 110. Labor standards

This section provides that the prevailing wage provisions of the Davis-Bacon Act shall apply to projects which are federally assisted under title I if they are not otherwise subject to the provisions of Federal law imposing labor standards on federally assisted construction. Such requirements, however, are to apply to residential property only if such property is designed for residential use for eight or more families.

Section 111. Appropriations

Subsection (a) authorizes, for planning grants and administrative expenses under section 104 (and technical assistance under section

106), appropriations of \$12 million for the fiscal year 1967 and \$12 million for the fiscal year 1968.

Subsection (b) authorizes, for grants and contracts to assist approved comprehensive city demonstration programs under section 105, for technical assistance under section 106, and for relocation assistance under section 107, including related administrative expenses, appropriations of \$400 million for fiscal year 1968 and \$500 million for fiscal year 1969.

Subsection (c) provides that these appropriations shall remain available until expended.

Section 112. Definitions

This section defines terms used in title I. A Federal grant-in-aid program is a program of Federal financial assistance other than loans (and other than assistance under this title). A city demonstration agency is a city, county, or any local public agency established or designated as such by the local governing body of that city or county. A city is any municipality (or two or more municipalities acting jointly), or any county or other public body (or two or more acting jointly) having general governmental powers. A local agency may be a State agency or instrumentality providing services and resources to a city or locality, and local resources include those so provided.

Section 113. Grant authority for urban renewal projects which are part of approved comprehensive city demonstration programs

This section authorizes \$250 million in additional urban renewal grant authority, to be available after July 1, 1967. This additional authority would be limited to urban renewal projects which are identified and scheduled to be carried out as projects or activities included within an approved comprehensive city demonstration program.

Section 114. State limit

This section provides that grants made under section 105 for demonstration programs in any one State shall not exceed in the aggregate 15 percent of the aggregate amount of funds authorized to be appropriated under section 111 (a) and (b).

TITLE II—PLANNED METROPOLITAN DEVELOPMENT

Section 201. Findings and declaration of purpose

Subsection (a) sets forth the findings of Congress (1) that the welfare of the Nation is directly dependent on the effective organization and functioning of its metropolitan areas; (2) that it is essential that metropolitan areas prepare, keep current, and actually carry out comprehensive plans and programs for their orderly physical development; (3) that these areas are especially handicapped by the complexity and scope of governmental services required, the multiplicity of political jurisdictions and agencies involved, and the inadequacy of the operational and administrative arrangements available for cooperation among them; and (4) that present requirements for area-wide planning and programing in connection with various Federal programs have materially assisted in the solution of metropolitan problems, but that additional participation and cooperation is needed from the States and localities in perfecting and carrying out such areawide efforts.

Subsection (b) declares that the purpose of title II is to provide additional encouragement and assistance to States and localities through supplementary grants for certain federally assisted development projects for making effective comprehensive metropolitan planning and programming.

Section 202. Cooperation between Federal agencies

This section authorizes the Secretary of Housing and Urban Development to call upon other Federal agencies for data and other materials he needs to carry out his metropolitan development responsibilities and to assist the President in coordinating the metropolitan development efforts of other agencies. It also directs all Federal agencies engaged in metropolitan programs, in order to assure full coordination of such programs, to consult with and seek advice from all other significantly affected Federal agencies to the maximum extent practicable.

Section 203. Metropolitan expeditors

This section authorizes the Secretary of Housing and Urban Development, upon request of authorized local officials and after consultation with local governmental authorities, to appoint for any metropolitan area a "metropolitan expediter" to provide information, data, and assistance to local authorities, organizations, and persons and to relevant Federal agencies with respect to the Department's programs and activities and other related activities and needs in the area.

Section 204. Coordination of Federal aids in metropolitan areas

Subsection (a) requires that, after June 30, 1967, all applications for Federal loans or grants to assist in carrying out projects for open-space land, hospitals, airports, libraries, water supply and distribution facilities, sewerage facilities and waste treatment works, highways, transportation facilities, or water development and land conservation within any metropolitan area shall be submitted for review to an agency which is designated to perform metropolitan or regional planning for the area within which the assistance is to be used and which is, to the greatest extent practicable, composed of or responsible to the elected officials of the general local governments. It further requires that, if such an application is made by a special purpose unit of local government, it must also be submitted to the general local government with authority to operate in the area within which the project is to be located.

Subsection (b) requires each such application to be accompanied by (1) the comments and recommendations of the areawide agency and the units of general local government to which the application has been submitted for review, and (2) a statement by the applicant that such comments and recommendations have been considered prior to formal submission of the application.

The application, however, need not be so accompanied if the applicant certifies that a plan or description of the project has lain before an appropriate areawide agency or instrumentality or general local government for 60 days without comments or recommendations thereon having been made.

Section 205. Grants to assist in planned metropolitan development

Subsection (a) authorizes the Secretary of Housing and Urban Development to make supplementary grants to State and local public

bodies and agencies carrying out metropolitan development projects meeting the requirements of this section.

Subsection (b) provides that grants may be made under this section only for projects in metropolitan areas for which it has been demonstrated, to the satisfaction of the Secretary, that—

(1) metropolitanwide comprehensive planning and programing provide an adequate basis for evaluating—

(A) the location, financing, and scheduling of individual public facility projects whether or not federally assisted; and

(B) other proposed land development or uses, where such projects or uses—because of their size, density, type, or location—have public metropolitanwide or interjurisdictional significance;

(2) adequate metropolitanwide institutional or other arrangements exist for coordinating local public development policies and activities affecting the development of the area; and

(3) public facility projects, and other land development or uses (public or private) which have a major impact on the development of the area, are in fact being carried out in accord with such metropolitanwide comprehensive planning and programing.

Subsection (c) requires that the applicant for a grant under this section must demonstrate that it is adequately assuring that public facility projects and other land development or uses of public metropolitanwide or interjurisdictional significance are being actually carried out in accord with metropolitan planning and programing meeting the requirements of subsection (b).

Subsection (d) requires the Secretary, in making the determinations required under this section, to obtain and give full consideration to the comments of the State or local bodies responsible for comprehensive planning and programing for the metropolitan area.

Subsection (e) provides that no grant may be made under this section with respect to a project for which a Federal grant has been made or a contract of assistance has been entered into (1) before February 21, 1966 (the date of first submission of the legislation to the Congress), or (2) more than 1 year before the Secretary makes the required determinations with respect to the applicant and the area in which the project is located. It further provides that, with respect to a project for which a contract of assistance is entered into after June 30, 1967, no grant may be made under this section unless an application for the grant has been made on or before the date of such contract.

Section 206. Extent of grant

Subsection (a) limits a grant under section 205 to the least of (1) 20 percent of project cost, or (2) the amount of the basic Federal grant to the project. In no case can total Federal contributions exceed 80 percent of project cost.

No grants could be provided for projects or activities on the basis of which assistance is provided under a comprehensive city demonstration program under title I of the bill.

Subsection (b) authorizes grant appropriations of up to \$25 million for fiscal year 1967 and up to \$50 million for fiscal year 1968.

Section 207. Consultation and certification

This section requires the Secretary (1) in issuing regulations and otherwise carrying out his authority under section 205, to consult with

the Departments of the Interior, Commerce, and Health, Education, and Welfare and the Federal Aviation Agency with respect to metropolitan development projects assisted by them; and (2) for the purpose of determining grant amounts, to accept their respective certifications as to the cost of those projects and the amount of the non-Federal contribution paid or to be paid to that cost.

Section 208. Definitions

This section defines certain terms used in title II of the bill, including the following:

(1) "Metropolitan development" means all projects or programs for the acquisition, use, and development of open space land; and the planning and construction of hospitals, libraries, airports, water supply and distribution facilities, sewerage facilities and waste treatment works, transportation facilities, highways, water development and land conservation, and other public works facilities.

(2) "Metropolitan development project" (as used in sections 205 and 207) means a project assisted under the following specified Federal programs:

(a) Grants for basic water and sewer facilities, administered by the Department of Housing and Urban Development under section 702 of the Housing and Urban Development Act of 1965;

(b) Grants for library facilities, administered by the Department of Health, Education, and Welfare under title II of the Library Services and Construction Act;

(c) Grants for hospital and medical facilities, administered by the Department of Health, Education, and Welfare under section 606 of the Public Health Services Act;

(d) Grants for construction of sewage treatment works, administered by the Department of the Interior under section 8 of the Federal Water Pollution Control Act;

(e) Grants for highway construction (Federal-aid primary and secondary systems and urban extensions, but not the Interstate System) administered by the Department of Commerce under section 120(a) of title 23, United States Code;

(f) Grants for airport development, administered by the Federal Aviation Agency under section 12 of the Federal Airport Act;

(g) Grants for urban mass transportation facilities and equipment, administered by the Department of Housing and Urban Development under section 3 of the Urban Mass Transportation Act of 1964;

(h) Grants for acquisition and development of open-space land, for urban beautification and improvement, or for historic preservation, administered by the Department of Housing and Urban Development under title VII of the Housing Act of 1961 (the historic preservation provisions would be added to title VII by title VI of the bill);

(i) Grants for acquisition and development of lands and waters for recreational purposes, administered by the Department of the Interior under section 5(e) of the Land and Water Conservation Fund Act of 1965; and

(j) Grants for public works and facilities in redevelopment areas, administered by the Department of Commerce under section 101(a)(1) of the Public Works and Economic Development Act of 1965 (but only if they involve works or facilities of a type

which the Secretary determines to be eligible under one of the programs listed in pars. (a) through (i) above).

Section 209. State limit

This section provides that grants made under section 205 for projects in any one State shall not exceed in the aggregate 15 percent of the aggregate amount of funds authorized to be appropriated pursuant to section 206(b).

TITLE III—FHA INSURANCE OPERATIONS

Section 301. FHA mortgage financing for veterans

This section amends section 203(b) of the National Housing Act (FHA's regular residential mortgage insurance program) to provide that the special liberal terms for veterans enacted in 1965 (100 percent loan-to-value ratio up to \$15,000, 90 percent from \$15,000 to \$20,000, and 85 percent over \$20,000) will be available to a veteran even though he has previously received a VA direct, guaranteed, or insured home loan.

Section 302. Cooperative housing insurance fund

Subsections (a) and (b) amend section 213 (m) and (n) of the National Housing Act to make changes facilitating the administration of FHA's new mutual cooperative management housing insurance fund. These changes would permit mortgagees to use FHA's general insurance fund debentures for paying premiums on cooperative housing mortgages transferred to the cooperative fund and to use cooperative fund debentures issued on transferred mortgages for the payment of general fund premiums, and would permit the transfer of cooperative mortgages to the new mutual fund without the mortgagee's consent.

Subsection (c) amends section 213 (k) and (l) of the act to direct the transfer to the new fund of the specific net assets attributable to the insurance transferred to that fund, and to remove the provision requiring (before payment of any dividend) the repayment of any general funds transferred to the new fund.

Section 303. Mortgage limits for cooperative housing

This section amends section 213(b) of the National Housing Act to increase by \$2,500 per family unit the existing limitations (including the special limitations for elevator-type structures) which apply in determining the maximum amount of an insurable mortgage under FHA's cooperative housing program.

Section 304. Supplementary financing for cooperative housing

This section amends section 213(j) of the National Housing Act to permit insurance of supplementary loans financing improvements and community facilities provided in connection with existing FHA-insured cooperative housing, with amounts up to 97 percent of the value of such improvements and facilities, even though financing to that extent would increase the mortgage indebtedness above the original mortgage amount (so long as it would not increase such indebtedness above the statutory maximum).

Section 305. Mortgage limits under section 220 sales housing mortgage insurance program

This section amends section 220(d)(3)(A) of the National Housing Act to lower the required downpayment on section 220 sales housing

by reducing from 25 to 20 percent the increment of such downpayment attributable to the portion of replacement cost above \$20,000, making the section 220 program consistent in this respect with the section 203(b) program. It also extends to the section 220 sales housing program a special liberalized loan-to-replacement-cost ratio for veterans (100 percent of the first \$15,000, 90 percent of the next \$5,000, and 15 percent of all over \$20,000), in the manner already provided under section 203(b).

Section 306. Mortgage limits for homes under section 221(d)(2)

This section amends section 221(d)(2) of the National Housing Act to increase, from \$11,000 to \$12,500 in the case of a single-family dwelling and from \$18,000 to \$20,000 in the case of a two-family residence, the maximum mortgage amount for dwellings of this kind under FHA's mortgage insurance program for moderate-income and displaced families.

Section 307. Nondwelling facilities in section 221 projects in urban renewal areas

This section amends section 221(f) of the National Housing Act to broaden the class of nondwelling facilities which can be included in a project in an urban renewal area covered by a mortgage insured under section 221, where the mortgagor waives his right to make a profit on any commercial and community facilities so included. The additional nondwelling facilities must be found to be desirable and consistent with the urban renewal plan, and to contribute to the economic feasibility of the project (giving due consideration to its possible effect on other local business enterprises); and in any case the project must remain predominantly residential.

Section 308. Single occupants in section 221(d)(3) housing

This section amends section 221(f) of the National Housing Act to permit up to 10 percent of the units in an FHA section 221(d)(3) project to be occupied by nonelderly single persons. Existing law permits occupancy by a single person who is 62 years of age or over, or who is handicapped.

Section 309. Insurance of mortgages under section 221 to finance purchase and rehabilitation by nonprofit organizations of housing for resale to low-income purchasers

Subsection (a) adds to section 221 of the National Housing Act a new subsection (h), authorizing the insurance of mortgages (not exceeding \$20 million outstanding at any one time) executed by private nonprofit organizations to finance the purchase and rehabilitation of deteriorating or substandard housing for resale to low-income purchasers (i.e., individuals and families having incomes below the maximum with which they could qualify under the rent supplements program). To be eligible for insurance under the new program, a mortgage would have to cover property or properties containing five or more single-family dwellings of detached, semidetached, or row construction (whether or not on the same or contiguous property). The mortgage amount could not exceed the appraised value of the property when purchased plus the estimated cost of the proposed rehabilitation; the mortgage would bear interest at the submarket rate provided for section 221(d)(3) mortgages, and would have a maturity determined by the Secretary.

The mortgagor would have to agree to sell the rehabilitated dwellings to low-income purchasers, whose individual mortgages would also be insured under the new program; each such individual mortgage would be in an amount equal to the portion of the principal mortgage which is allocable to the individual dwelling, would bear interest at the same rate as the principal mortgage, and would have a maturity equal to the remaining maturity of the principal mortgage. The purchaser would pay at least \$200 down which may be applied to closing costs. Upon the sale of an individual dwelling to a low-income purchaser, such dwelling would be released from the lien of the principal mortgage; the insurance of the principal mortgage would be terminated when all such dwellings had been sold, without payment of any adjusted premium charge, and until that time the dwellings remaining unsold would be held and operated by the nonprofit mortgagor as though they were rental units in a section 221(d)(3) submarket-interest-rate project. The low-income purchaser must be buying the dwelling for his own occupancy; if he does not continue to occupy the property, the submarket rate would terminate and the interest rate would rise to the highest permissible section 221 rate, unless he has resold the property to the original nonprofit mortgagor or has sold it to the local public housing agency or to another approved low-income purchaser.

Subsection (b) makes conforming amendments to section 221(g) of the act (relating to payment of insurance).

Subsection (c) amends section 221(f) of the act to authorize full or partial waiver of the mortgage insurance premium to assist low- and moderate-income families to obtain housing through the new section 221 (h) program, the same as is presently authorized for section 221(d)(3) mortgages.

Subsection (d) amends section 305(h) of the act to authorize FNMA special assistance for mortgages insured under the new section 221(h) program, the same as is presently authorized for section 221(d)(3) mortgages.

Section 310. Application of Davis-Bacon Act to cooperative housing projects insured under section 221 (d)(3) and (d)(4) and mortgages insured under section 221(h)(1)

This section amends section 212(a) of the National Housing Act to make the prevailing wage provisions of the Davis-Bacon Act applicable to work performed under blanket mortgages (financing purchase and rehabilitation by nonprofit organizations of housing for resale to low-income purchasers) which are insured under the new section 221(h)(1) program (added by sec. 310 of the bill) and which cover property including more than 8 dwellings. It permits the waiver of such provisions, however, where the prospective owners or others voluntarily donate their services without compensation in order to lower costs. (The prevailing wage provisions of the Davis-Bacon Act would under the amendment to section 212(a) specifically be made to apply to rehabilitation rather than construction in the case of the new section 221(h) program, as those provisions generally apply to rehabilitation as well as construction in the case of the existing FHA insurance programs specified in section 212(a).)

This section also permits the waiver of the prevailing wage provisions of the Davis-Bacon Act (otherwise applicable under existing law) in cases involving the construction of cooperative housing projects

covered by mortgages insured under section 221 (d)(3) and (d)(4) to enable the low-income families and others who will occupy the projects to lower their housing costs by donating their services without compensation in the construction.

Section 311. Waiver of deduction on assignment of property to Secretary in lieu of foreclosure

This section adds to title V of the National Housing Act a new section 523, authorizing the Secretary to waive the 1-percent deduction from insurance benefits which is generally made when the mortgagee under a multifamily housing or land development mortgage in default assigns the mortgage to the Secretary instead of foreclosing and then conveying title.

Section 312. Armed services housing mortgage insurance program

This section amends section 803 of the National Housing Act to reactivate the armed services housing ("Capehart") program and extend it until October 1, 1969, authorizing an additional \$1,050 million in mortgage insurance covering an additional 60,000 family housing units, with a maximum average of \$17,500 per unit and a maximum interest rate of 5½ percent.

Section 313. Increase in units insurable under section 810 program

This section amends section 810(i) of the National Housing Act to increase from 5,000 to 10,000 the maximum number of dwelling units which may be covered by outstanding mortgages and commitments under FHA's program of insurance for off-base rental housing for the military.

TITLE IV—LAND DEVELOPMENT AND NEW COMMUNITIES

This title expands the FHA mortgage insurance program for privately financed land development under title X of the National Housing Act (which was enacted as part of the Housing and Urban Development Act of 1965), authorizing the Secretary to approve "new communities" for which certain special aids would be available and increasing the maximum outstanding mortgage amount permitted under the title X program.

Section 401. Mortgage insurance for new communities

This section adds to title X of the National Housing Act a new section 1004, authorizing the Secretary of Housing and Urban Development to approve a category of "new communities" for mortgage insurance under title X. These would consist of land developments, satisfying all other requirements under the title, which meet the special requirements of the new section. (Subsequent sections of this title of the bill would authorize longer mortgage maturities and FNMA special assistance for this category of land development which would not be available to land developments, even though very extensive, which are not approved as meeting the special requirements.)

A development would be eligible for approval as a new community if the Secretary determines that it will, in view of its size and scope, make a substantial contribution to the sound and economic growth of the area within which it is located in the form of—

- (1) substantial economies, made possible through large-scale development, in the provision of improved residential sites;

(2) adequate housing to be provided for those who would be employed in the community or the surrounding area;

(3) maximum accessibility from the new residential sites to industrial or other employment centers and commercial, recreational, and cultural facilities in or near the community; and

(4) maximum accessibility to any major central city in the area.

The objectives and planning criteria for the existing land development program would also be applicable with respect to new communities. The Secretary would, under already-enacted provisions of title X, review the site development plan to determine that it is consistent with overall comprehensive plans or planning actually being carried out for the area in which the community is to be located.

Section 402. Mortgage amount and term

Subsection (a) amends section 1002(c) of the National Housing Act to increase from \$10 to \$25 million the maximum mortgage amount permitted at any one time for a single land development mortgage under title X in order to making possible sufficient credit assistance for very large developments including new communities or very large subdivisions.

Subsection (b) amends section 1002(d) of the act to exempt new communities approved by the Secretary from the 7-year maximum mortgage maturity generally applicable under existing law to mortgages under the land development program. Such an exemption is already provided in the case of privately owned water or sewerage systems.

Section 403. Encouragement of small builders

This section amends the present section 1004 of the National Housing Act (redesignated sec. 1005) to make it clear that the present requirements for encouraging broad participation by builders in the land development program are intended particularly to encourage participation by small builders.

Section 404. Water and sewerage facilities

This section amends the present section 1005 of the National Housing Act (redesignated sec. 1006) to require that in the case of a new community approved by the Secretary the land shall be served after its development by public systems for water and sewerage which are consistent with other existing or prospective systems in the area or by privately or cooperatively owned systems (including reasonable extensions thereto) which are approved by the Secretary and are regulated in a manner acceptable to him. However, in the case of sewerage systems, if it is necessary to develop a new system it must be a public system unless the Secretary determines that public ownership of a new system is not feasible, in which case the land may be served by an adequate privately or cooperatively owned new system but only under the following conditions:

(1) the Secretary finds the system consistent with other existing or prospective systems within the area;

(2) the system will be regulated during the period of such private or cooperative ownership in a manner acceptable to the Secretary with respect to user rates and charges, capital structure, methods of operation, and rate of return; and

(3) the Secretary receives assurances satisfactory to him with respect to eventual public ownership and operation of the system

and with respect to the conditions and terms of any sale or transfer.

Section 405. FNMA special assistance for new communities

This section amends section 302(b) of the National Housing Act to make FHA-insured mortgages with respect to new communities eligible for purchase by the Federal National Mortgage Association under its special assistance program. FHA-insured land development mortgages are now eligible for FNMA purchase under its secondary market program.

Section 406. Urban planning grants

This section amends section 701(a) of the Housing Act of 1954 to make urban planning grants thereunder available to official governmental planning agencies for areas where new communities are to be developed with mortgage insurance assistance under the new program established by title IV of the bill. (Federal grants to local planning agencies for such planning are now available for metropolitan areas, depressed areas, and federally impacted areas.)

Section 407. Public facility loans

This section amends section 202 of the Housing Amendments of 1955 to waive the population limit (50,000) on the political jurisdictions eligible to receive public facility loans thereunder in the case of public facilities serving new communities within such jurisdictions.

TITLE V—MORTGAGE INSURANCE FOR GROUP PRACTICE FACILITIES

Section 501. Purpose

This section states that it is the purpose of title V to assure the availability of credit on reasonable terms to assist in the construction and equipment of facilities for the group practice of medicine, optometry, or dentistry.

Section 502. Establishment of program.

Subsection (a) adds to the National Housing Act a new title XI, providing mortgage insurance for group practice facilities. The new title provides as follows:

Section 1101. Insurance of mortgages

Subsection (a) authorizes the Secretary of Housing and Urban Development to insure group practice facility mortgages, and make commitments to insure such mortgages, until October 1, 1969.

Subsection (b) requires that the mortgagor (which must be a "group practice unit or organization") and the mortgagee be approved by the Secretary, and that the mortgage cover property to be constructed or rehabilitated for use as a "group practice facility". It also prohibits insurance of any mortgage unless the applicant shows inability to obtain the mortgage loan on comparable terms without such insurance.

Subsection (c) limits an insurable mortgage to 90 percent of the estimated value of the facility after construction or rehabilitation (with a maximum mortgage amount of \$5 million), and provides for a maximum maturity and interest rate of 25 years and 6 percent.

Subsection (d) makes the Secretary's insurance contracts conclusive evidence of eligibility, and incontestable in the hands of an approved mortgagee except for fraud or misrepresentation.

Subsection (e) requires the mortgagor to agree to use the property as a group practice facility as long as the insured mortgage is outstanding.

Subsection (f) requires the mortgagor and mortgagee to keep such records and make such reports as the Secretary may require, and to permit examination of their records by the Secretary.

Section 1102. Premiums

This section authorizes the Secretary to fix premiums of not more than 1 percent, payable in cash or debentures, for mortgage insurance under the program, and to impose appropriate charges for analysis, appraisal, and inspection as well as an adjusted premium charge in case of prepayment.

Section 1103. Payment of insurance benefits

This section provides for payment of insurance benefits under the new program (from the general insurance fund) in the same manner as under FHA's section 207 regular rental housing program.

Section 1104. Regulations

This section authorizes the Secretary to prescribe the regulations necessary to carry out the new program, after consulting with the Secretary of Health, Education, and Welfare on the health and medical matters involved.

Section 1105. Administration

Subsection (a) authorizes the Secretary to provide technical assistance in planning and constructing group practice facilities, at the request of persons operating or planning the operation of such facilities.

Subsection (b) authorizes the Secretary, in order to avoid unnecessary duplication, to use (and pay for) existing services and facilities of other Federal agencies under agreements with the heads of such agencies.

Section 1106. Definitions

This section defines the principal terms used in the new title XI, including "group practice facility," "medical or dental group," "group practice unit or organization," "non-profit organization," "State," "mortgage," "mortgagee," and "mortgagor."

A "group practice facility" is a facility for the provision (by a medical or dental group) of medical (including osteopathic), optometric, or dental care and treatment for ambulatory patients, under the supervision of appropriately licensed professional personnel.

A "medical or dental group" is an association or group of physicians (including osteopathic physicians), optometrists, or dentists who undertake the coordinated practice of their profession in one or more group practice facilities, sharing overhead expenses, records, equipment, and staff, and who

make available at least such health services as may be required by the regulations prescribed under section 1104.

A "group practice unit or organization" can be (A) a private nonprofit agency or organization which will make a group practice facility available to a medical or dental group, (B) a private nonprofit agency or organization providing comprehensive medical, optometric, or dental care to members or subscribers primarily on a group practice prepayments basis, or (C) a medical or dental group.

Subsection (b) of this section of the bill amends section 227 of the National Housing Act to require cost certification in the case of group practice facility mortgages insured under the new program.

Section 503. Labor standards

This section amends section 212(a) of the National Housing Act to require compliance with the prevailing wage provisions of the Davis-Bacon Act in the construction of group practice facilities financed with mortgages insured under the new program. It also requires payment of time and a half for work performed in the construction of these facilities in excess of 8 hours in a day or 40 hours in a week.

Section 504. Amendments to other Federal laws

Subsection (a)(1) amends section 5136 of the Revised Statutes to exempt national banks, with respect to their dealings in and purchases of insured title XI mortgages, from certain restrictions and limitations which would otherwise apply.

Subsection (a)(2) amends section 24 of the Federal Reserve Act to permit national banks to make insured title XI loans without regard to certain restrictions and limitations which would otherwise apply.

Subsection (b) amends section 304 of the Trust Indenture Act of 1939 to exempt securities issued under an insured title XI mortgage from the requirements of that act (and from the Securities Act of 1933).

Subsection (c) amends section 263 of the Bankruptcy Act to make that act inapplicable to creditors under an insured title XI mortgage.

TITLE VI—PRESERVATION OF HISTORIC STRUCTURES

Section 601. Preservation of historic structures as part of urban renewal projects

This section amends section 110 of the Housing Act of 1949 to specify that an urban renewal plan shall provide information on proposed historic and architectural preservation activities; that the acquisition and restoration of real property within the urban renewal area to promote historic and architectural preservation may, where necessary for that purpose, be an urban renewal project activity; and that the relocation (within or outside a project area) and restoration of properties of historic or architectural value will also be eligible as an urban renewal project activity.

Section 602. Local grant-in-aid credit for relocation and restoration of historic structures

This section amends section 110(d) of the Housing Act of 1949 to authorize "local grant-in-aid" credit for assistance provided by a public

body in relocation and restoration activities related to properties of architectural or historic value.

Section 603. Grants to National Trust for Historic Preservation to cover restoration costs

This section authorizes the Secretary of Housing and Urban Development to make grants from funds appropriated therefor, in amounts up to \$90,000 per structure, to the National Trust for Historic Preservation to cover the cost of restoring structures of historic or architectural value which such Trust will maintain for historic purposes.

Section 604. Urban planning grants for surveys of historic structures

This section amends section 701 of the Housing Act of 1954 by adding a new subsection (h), authorizing the Secretary of Housing and Urban Development to make grants to assist cities, other municipalities, and counties in making surveys (in accordance with criteria comparable to those used by the Secretary of the Interior for the National Register) of structures and sites determined to be of historic or architectural value in order to identify such structures and sites, determine the cost of their rehabilitation and restoration, and provide related information. Such a grant, which could be in an amount up to two-thirds of the cost of the survey involved, would be made to the appropriate planning agency as presently provided for or (if no such agency is qualified and willing to receive and use the grant for such survey) directly to the city or municipality.

Section 605. Loans for acquisition and rehabilitation of historic structures

This section amends section 312 of the Housing Act of 1964 to authorize loans, under the present 3-percent, 20-year rehabilitation loan program, to the owners or tenants of structures of historic or architectural value both within and outside urban renewal areas to finance their rehabilitation (and to other persons to finance the acquisition of such structures for the purpose of rehabilitation). The maximum amount of such a loan would be \$10,000 in the case of a residence and \$50,000 in the case of nonresidential property, as under existing law.

Section 606. Grants for historic preservation

Subsection (a) amends the heading of title VII of the Housing Act of 1961 to refer to grants for historic preservation as well as those for open-space land and urban beautification.

Subsection (b) amends section 701 of the 1961 act to state that there is need for timely action to preserve and restore areas, sites, and structures of historic or architectural value.

Subsection (c) states that title VII of the 1961 act may be used to assist in preserving areas and properties of historic or architectural value by their acquisition, improvement, and restoration.

Subsection (d) amends section 702(e) of the 1961 act to require consultation and exchange of information (including current listings on the proposed National Register) between the Secretary of Housing and Urban Development and the Secretary of the Interior in connection with historic preservation grants.

Subsections (e) and (f) amend sections 706 and 708 of the 1961 act to authorize \$10 million for 90 percent grants for demonstration projects in historic preservation or open-space activities, as well as in urban beautification.

Subsection (g) adds provisions to the 1961 act to authorize the Secretary of Housing and Urban Development to make up to 50 percent grants to States and local public bodies for the acquisition, restoration, or improvement of areas, sites, and structures of historic or architectural value in urban areas in accord with the comprehensively planned development of the locality.

Subsection (h) provides that no grants for historic preservation may be made under the proposed new urban renewal, urban planning, or open space and urban beautification programs, beginning 3 years after the date of enactment, except in accord with criteria which the Secretary establishes as comparable to those used in connection with the National Register which is to be maintained by the Secretary of the Interior under legislation presently pending in the House.

TITLE VII—URBAN RENEWAL

Section 701. Local grants-in-aid

This section amends section 110(d) of the Housing Act of 1949 to authorize the Secretary of HUD to count as a local grant-in-aid credit 25 percent of expenditures for a publicly owned facility, the construction of which was begun not earlier than 3 years prior to the date of enactment of the bill, if such facility is to be used for cultural, exhibition, civic, or municipal purposes, is in or near the urban renewal project, contributes materially to the objectives of the urban renewal plan, and is not otherwise eligible as a local grant-in-aid.

Section 702. Air rights sites in urban renewal projects

This section amends section 110 (c)(1) and (c)(7) of the Housing Act of 1949 to permit air rights sites in urban renewal projects to be used for industrial development if determined to be unsuitable for use for low- and moderate-income housing. It also permits the cost of construction of foundations and platforms for air rights industrial sites to be counted as part of gross project cost.

Section 703. Application of Davis-Bacon Act to multifamily housing construction in urban renewal areas

This section requires compliance with the prevailing wage provisions of the Davis-Bacon Act in the construction of any multifamily housing (not already subject to Federal laws imposing similar standards) in the redevelopment of an urban renewal area, as a condition of any Federal assistance to the urban renewal project.

TITLE VIII—RURAL HOUSING

Section 801

This section amends section 501(a) of the Housing Act of 1949 to remove the present requirement that existing farm and nonfarm rural dwellings and farm service buildings purchased with rural housing loans must have been "previously occupied."

Section 802

This section amends section 502(a) of the Housing Act of 1949 to permit the Secretary of Agriculture to accept a comaker in the case of any applicant for a rural housing loan under title V of such act who is deficient in repayment ability. Present law permits comakers only in the case of loans made to the elderly.

Section 803

This section amends section 504 of the Housing Act of 1949 to increase from \$1,000 to \$1,500 the maximum amount of a loan, grant, or combined loan and grant for repairs and improvements to owner-occupied rural dwellings or farm service buildings which are necessary to make them safe and sanitary.

Section 804

This section amends section 515 of the Housing Act of 1949 to expand the purposes of direct loans to private nonprofit corporations and consumer cooperatives under that section to include rental housing for the low-income rural nonelderly. Under present law such loans are restricted to housing for the rural elderly of low or moderate income.

Section 805

Subsection (a) amends section 515 of the Housing Act of 1949 to make cooperative housing eligible for direct or insured rural housing loans; under present law loans under section 515 may be made to consumer cooperatives, but only for the purpose of "rental" housing.

Subsection (b) amends section 515(b) of such act to make insured rural housing loans available for housing for the rural nonelderly who have moderate incomes, as well as for the rural elderly (to whom existing law is restricted).

Subsection (c) amends section 515(d)(4) of such act to permit fees and charges paid by nonprofit corporations or consumer cooperatives for the services of nonprofit consulting organizations and foundations to be included as part of the development cost of housing financed with rural housing loans or loan insurance.

Section 806

This section amends section 517(a) of the Housing Act of 1949 to remove the existing \$300 million annual ceiling on new loans insured for families with low or moderate incomes and substitute an expiration date of October 1, 1969, thus making this insured rural housing loan program consistent with the section 515 insured loan program and with the urban housing programs which under present law expire on that date.

TITLE IX—MISCELLANEOUS

Section 901. Housing for the elderly or handidapped

This section makes a change in the effective date of the 3-percent ceiling on the interest rate applicable to elderly or handicapped housing loans which was enacted by section 105 of the Housing and Urban Development Act of 1965. Under this change, the 3-percent ceiling would apply not only to loans made on or after the date of enactment of the 1965 act but also to loans made before such date if the construction involved was not begun before such date and was not completed prior to application for the benefits of such ceiling.

Section 902. Low-rent housing in private accommodations for displaced families—Term of lease

This section amends section 23(d) of the U.S. Housing Act of 1937 to provide that the term of the contract between the local public housing agency and the owner of housing to be used under the new program of low-rent housing in private accommodations enacted in

1965 (which is limited to 36 months under existing law) may be as long as 60 months where such agency determines that the housing is needed for displaced families.

Section 903. Application of Davis-Bacon Act to low-rent housing projects consisting of privately built housing

This section amends section 16(2) of the U.S. Housing Act of 1937 to require compliance with the prevailing wage provisions of the Davis-Bacon Act in the construction of privately owned structures to be used as low-rent housing (except under the sec. 23 program) in cases where an agreement that the structure will be so used is entered into by the local agency and the builder or sponsor before construction begins. In addition, payment of time and a half would be required for work performed in such cases in excess of 8 hours in a day or 40 hours in a week.

Section 904. Assistance for housing in Alaska

This section authorizes the appropriation of \$10 million for loans and grants to the State of Alaska (or an agency thereof) for the provision of housing and related facilities for Alaskan natives otherwise not able to afford such housing. Grants cannot exceed 75 percent of the aggregate cost of the housing and related facilities to be constructed under an approved program. Cost of a dwelling unit (including related facilities) cannot exceed an average of \$7,500 per dwelling unit.

Section 905. FNMA participation in FHA-insured construction financing

This section adds to section 305 of the National Housing Act a new subsection (i), authorizing the Federal National Mortgage Association to participate (up to 95 percent) in making FHA-insured advances during construction on a section 213 cooperative housing mortgage, or a section 221(d)(3) mortgage executed by a cooperative (including an investor-sponsor), a nonprofit corporation, or a mortgagor qualified under section 221(e), which it has issued a commitment to purchase, with the private mortgagee (whose fee would be approved by the Secretary of HUD as to reasonableness) doing all the administrative work of servicing and processing.

Section 906. FNMA standby commitments

This section amends section 304(a) of the National Housing Act to eliminate the requirement that FNMA's advance commitments to purchase mortgages in its secondary market operations be issued only at specified prices.

Section 907. Planning grants for research on State statutes affecting local governments

This section amends section 701(b) of the Housing Act of 1954 to permit section 701 planning grant funds to be used, under the demonstration program (for which 5 percent of such funds are set aside), for grants to assist in studies and research on needed revisions in those State statutes which create, govern, or control local governmental operations.

Section 908. Public facility loans

This section adds to section 202 of the Housing Amendments of 1955 a new subsection (f), making section 202(c) restrictions and

limitations inapplicable to assistance to municipalities for specific projects for cultural centers.

Section 909. Use of open-space grants for development of existing open-space land

This section amends sections 701 and 702 of the Housing Act of 1961 to authorize Federal grants under the open-space land program for the development and redevelopment of existing open-space land, as well as of land acquired under such program for development as open-space land.

Section 910. Applying advances in technology to housing and urban development

This section authorizes the Secretary of Housing and Urban Development to encourage and assist the housing industry to reduce the cost and improve the quality of housing by the application to housing and urban development of advances in technology relating to (1) design, (2) construction and rehabilitation methods, (3) manufacturing processes, (4) materials and products, and (5) building components.

Five million dollars for fiscal 1967 and \$10 million for fiscal 1968 would be authorized to be appropriated for this program. The section also authorizes funds appropriated to remain available until expended.

Section 911. Urban environmental studies

This section directs the Secretary of Housing and Urban Development, in order to improve understanding of the environmental conditions necessary for the well-being of an urban society, to conduct studies, surveys, research, and analyses (directly, or by such advisory committees as he may establish, or by 2-year contracts with public or private agencies, or by working agreement with other Federal agencies) to document and define urban environmental factors which must be controlled or eliminated, and to establish a coordinated system of collecting, evaluating, disseminating, and utilizing information and data on urban ecological research.

Section 912. Mortgage relief for certain homeowners

This section contains a series of clarifying amendments to section 107 of the Housing and Urban Development Act of 1965, the provision which authorizes the FHA and the VA to make mortgage payments where the mortgagor is unable to make the payments as a result of the closing of a Federal installation. In addition, the specified period for making such payments would be extended from 1 to 2 years, or until the mortgagor notifies the FHA or the VA that he is able to resume payments, or until he ceases to be a "distressed mortgagor," whichever occurs earliest.

Section 913. Acquisition of certain properties situated at or near military bases which have been ordered to be closed

This section authorizes the Secretary of Defense (1) to acquire, for 90 percent of its preclosing value, housing situated at or near a military base or installation which has been ordered to be closed where such housing is owned by a serviceman or other Federal employee whose employment or service there will be terminated by such closing, and (2) as an alternative to make cash payments, in amounts

equal to the difference between the fair market value of the housing involved at the time of the sale or foreclosure and 95 percent of its preclosing fair market value, in similar situations (including situations where the housing has already been sold at a loss or taken by foreclosure). Appropriations for property acquisition could be made only as specifically authorized in military construction authorization acts, and moneys could be spent from the fund established to carry out the section only to the extent provided in appropriation acts. This section also repeals section 108 of the Housing and Urban Development Act of 1965, which it replaces.

Section 914. College housing

This section amends section 404(b)(4) of the Housing Act of 1950 to make eligible for college housing loans State authorities established for the purpose of providing housing for students or faculties in private educational institutions.

Section 915. Study concerning relief of homeowners in proximity to airports

This section extends until 6 months after the enactment of the bill the time allowed the Secretary of Housing and Urban Development for reporting the results of his study (provided for in sec. 1113 of the Housing and Urban Development Act of 1965) concerning relief of homeowners who reside in the vicinity of airports. It also authorizes appropriation of the specific sum of \$100,000 for this study.

Section 916. Hydrology research for urban development

This section authorizes the Secretary of Housing and Urban Development, in order to help urbanized areas deal more effectively with their increasingly severe storm drainage problems, to conduct studies, investigations, research, and demonstrations (by contracts with public or private agencies and working agreements with other Federal agencies) to develop and improve the science and technology of urban hydrology, and to evaluate such studies, investigations, research, and demonstrations and make publicly available the information resulting therefrom.

Section 917. Quarters and facilities for Federal home loan banks and the Federal Home Loan Bank Board

Subsection (a) amends section 12 of the Federal Home Loan Bank Act to permit Federal home loan banks, with the prior approval of the Federal Home Loan Bank Board, to purchase or construct appropriate quarters for the conduct of their banking business.

Subsection (b) amends section 18 of such act to authorize the Board, utilizing the services of the General Services Administration, to acquire a site in the District of Columbia and construct thereon suitable buildings and facilities for the Board and its agencies (including the Federal Savings and Loan Insurance Corporation).

Section 918. Small Business Act

This section amends section 8(b) of the Small Business Act, which authorizes SBA to provide advice and counsel to small business firms, to permit members of nonprofit groups which cooperate with SBA to use available office facilities and related materials and services.

Section 919. Use of certain lands for civil defense purposes

This section amends section 2 of the act of August 10, 1949, to provide that a portion of the tract of land conveyed to the State of Maryland pursuant to that act may be used for civil defense purposes (instead of or in addition to National Guard purposes) without causing the land to revert to the United States.

Section 920. Mortgage insurance for land development—Clarifying amendments

This section amends section 1001(d) of the National Housing Act to perfect the title X FHA mortgage insurance program for land development by adding clarifying language including “steam, gas, and electric lines and installations” and “industrial uses.”

Section 921. Miscellaneous and technical amendments

Subsection (a) repeals the existing requirement (in sec. 106(d) of the Housing Act of 1949) that contracts under the urban renewal law which exceed \$1,000 may be made only after advertising for bids; such contracts would accordingly become subject to the general Federal law, which imposes the requirement of advertising only where the amount of the contract exceeds \$2,500.

Subsections (b), (c), (d), (e), (f), and (g) make amendments which are technical or clerical in nature. (Subsecs. (e) and (g) include amendments reflecting the new title XI of the National Housing Act which would be added by title VI of the bill.)

Subsection (h) reenacts and amends section 102(h) of the Housing Amendments of 1955 (which in effect had been repealed by the recent law that established the Department of Housing and Urban Development) to reenact the directive contained in that provision for the appointment of a Special Assistant for Cooperative Housing. This section of the bill adds to the duties of such assistant the cooperative housing programs under section 221(d)(3) of the National Housing Act and cooperatives receiving rent supplements under section 101 of the Housing and Urban Development Act of 1965.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

NATIONAL HOUSING ACT

[Public Law 479, 73d Congress, 48 Stat. 1246, 12 U.S.C. 1701 et seq.]

AN ACT to encourage improvement in housing standards and conditions, to provide a system of mutual mortgage insurance, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Housing Act."

TITLE I—HOUSING RENOVATION AND MODERNIZATION

CREATION OF FEDERAL HOUSING ADMINISTRATION

SECTION 1. The President is authorized to create a Federal Housing Administration, all of the powers of which shall be exercised by a Federal Housing Commissioner (hereinafter referred to as the "Commissioner"), who shall be appointed by the President, by and with the advice and consent of the Senate.

In order to carry out the provisions of this title and titles II, III, V, VI, VII, VIII, IX, [and X] *X and XI*, the Commissioner may establish such agencies, accept, and utilize such voluntary and uncompensated services, utilize such Federal officers and employees, and, with the consent of the State such State and local officers and employees, and appoint such other officers and employees as he may find necessary, and may prescribe their authorities, duties, responsibilities, and tenure and fix their compensation, without regard to the provisions of other laws applicable to the employment or compensation of officers or employees of the United States. The Commissioner may delegate any of the functions and powers conferred upon him under this title and titles II, III, V, VI, VII, VIII, IX, [and X] *X, and XI*, to such officers, agents, and employees as he may designate or appoint, and may make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere, for law books and books of reference, and for paper, printing, and binding) as are necessary to carry out the provisions of this title and titles II, III, V, VI, VII, VIII, IX, [and X] *X, and XI*, without regard to any other provisions of law governing the expenditure of public funds. All such compensation, expenses, and allowances shall be paid out of funds made available by this Act: *Provided*, That notwithstanding any other provisions of

law except provisions of law hereafter enacted expressly in limitation hereof, all expenses of the Federal Housing Administration in connection with the examination and insurance of loans or investments under any title of this Act, all properly capitalized expenditures, and other necessary expenses not attributable to general overhead in accordance with generally accepted accounting principles shall be considered nonadministrative and payable from funds made available by this Act, except that, unless made pursuant to specific authorization by the Congress therefor, expenditures made in any fiscal year pursuant to this proviso, other than the payment of insurance claims and other than expenditures (including services on a contract or fee basis, but not including other personal services) in connection with the acquisition, protection, completion, operation, maintenance, improvement, or disposition of real or personal property of the Administration acquired under authority of this Act, shall not exceed 35 per centum of the income received by the Federal Housing Administration from premiums and fees during the preceding fiscal year:

The Commissioner shall, in carrying out the provisions of this title and titles II, III, V, VI, VII, VIII, IX, [and X] X, and XI, be authorized, in his official capacity, to sue and be sued in any court of competent jurisdiction, State or Federal.

* * * * *

TITLE II—MORTGAGE INSURANCE

* * * * *

INSURANCE OF MORTGAGES

SEC. 203. (a) * * *

(b) To be eligible for insurance under this section a mortgage shall—

(1) Have been made to, and be held by, a mortgagee approved by the Commissioner as responsible and able to service the mortgage properly.

(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$30,000 in the case of property upon which there is located a dwelling designed principally for a one-family residence; or \$32,500 in the case of a two-family residence (whether or not such one- or two-family residence may be intended to be rented temporarily for school purposes); or \$32,500 in the case of a three-family residence; or \$37,500 in the case of a four-family residence; and (except as provided in the next to the last sentence of this paragraph) not to exceed an amount equal to the sum of (i) 97 per centum (but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance or the dwelling was approved for guaranty, insurance, or direct loan under chapter 37 of title 38, United States Code, prior to the beginning of construction, 90 per centum) of \$15,000 of the appraised value of the property, as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of \$15,000 but not in excess of \$20,000, and (iii) 80 per centum of such value in excess of \$20,000. [If the mortgagor is a veteran who has not received any direct, guaranteed, or insured

loan under laws administered by the Veterans' Administration for the purchase, construction, or repair of a dwelling (including a farm dwelling) which was to be owned and occupied by him as his home,] *If the mortgagor is a veteran*, and the mortgage to be insured under this section covers property upon which there is located a dwelling designed principally for a one-family residence, the principal obligation may be in an amount equal to the sum of (i) 100 per centum of \$15,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of \$15,000 but not in excess of \$20,000, and (iii) 85 per centum of such value in excess of \$20,000. As used herein, the term "veteran" means any person who served on active duty in the Armed Forces of the United States for a period of not less than 90 days (or is certified by the Secretary of Defense as having performed extra-hazardous service), and who was discharged or released therefrom under conditions other than dishonorable.

* * * * *

LABOR STANDARDS

SEC. 212. (a) The Commissioner shall not insure under section 207 or section 210 of this title, or under section 608 of title VI, pursuant to any application for insurance filed subsequent to the effective date of this section, or under section 213 of this title, or under title VIII pursuant to any application filed subsequent to sixty days after the date of enactment of the Housing Act of 1950, or under section 803 or 810 of title VIII, or under section 908 of title IX, a mortgage or investment which covers property on which there is or is to be placed a dwelling or dwellings, or a housing project, the construction of which was or is to be commenced subsequent to such date, unless the principal contractor files a certificate or certificates (at such times, in course of construction or otherwise, as the Commissioner may prescribe) certifying that the laborers and mechanics employed in the construction of the dwelling or dwellings or the housing project involved have been paid not less than the wages prevailing in the locality in which the work was performed for the corresponding classes of laborers and mechanics employed on construction of a similar character, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5), prior to the beginning of construction and after the date of the filing of the application for insurance. The provisions of this section shall also apply to the insurance of any loan or mortgage under section 220 or section 233 which covers property on which there is located a dwelling or dwellings designed principally for residential use for twelve or more families. The provisions of this section shall apply to the insurance under section 221 of any mortgage described in subsection [(d)(3), or (d)(4)] *(d)(3) or (d)(4) and (deeming the term "construction" as used in the first sentence of this subsection to mean rehabilitation) of any mortgage described in subsection (h)(1) which covers property on which there is located a dwelling or dwellings designed principally for residential use for more than 8 families; except that compliance with such provisions may be waived by the Secretary—*

(1) with respect to mortgages described in such subsection (d)(3) or (d)(4), in cases or classes of cases where laborers or mechanics (not otherwise employed at any time in the construction of the project) volun-

tarily donate their services without compensation for the purpose of lowering their housing costs in a cooperative housing project and the Secretary determines that any amounts saved thereby are fully credited to the cooperative undertaking the construction, and

(2) with respect to mortgages described in such subsection (h)(1) in cases or classes of cases where prospective owners of such dwellings voluntarily donate their services without compensation, or other persons (not otherwise employed at any time in the rehabilitation of the property) voluntarily donate their services without compensation, and the Secretary determines that any amounts saved thereby are fully credited to the non-profit organization undertaking the rehabilitation.

The provisions of this section shall also apply to the insurance of any mortgage under section 231 or 232 except that compliance with such provisions may be waived by the Commissioner in cases or classes of cases where laborers or mechanics, not otherwise employed at any time on the project, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction and the Commissioner determines that any amounts thereby saved are fully credited to the nonprofit corporation, association, or other organization undertaking the construction. The provisions of this section shall also apply to the insurance of any mortgage under section 234(d). The provisions of this section shall also apply to insurance under title X with respect to laborers and mechanics employed in land development financed with the proceeds of any mortgage insured under that title. *The provisions of this section shall also apply to the insurance of any mortgage under title XI; and each laborer or mechanic employed on any facility covered by a mortgage insured under such title shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be.*

* * * * *

COOPERATIVE HOUSING INSURANCE

SEC. 213. (a) * * *

(b) To be eligible for insurance under this section a mortgage on any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) of this section shall involve a principal obligation in an amount—

(1) * * *

(2) not to exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner. **[\$9,000]** \$11,500 per family unit without a bedroom, **[\$12,500]** \$15,000 per family unit with one bedroom, **[\$15,000]** \$17,500 per family unit with two bedrooms, **[\$18,500]** \$21,000 per family unit with three bedrooms, and **[\$21,000]** \$23,500 per family unit with four or more bedrooms, and not to exceed 97 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *Provided*, That as to projects to consist of elevator-type structures the Commissioner may, in his discretion, increase the dollar amount limitations per family unit to not to exceed **[\$10,500]** \$13,000 per family unit without a bedroom, **[\$15,000]** \$17,500 per family unit with one bedroom, **[\$18,000]** \$20,500 per

family unit with two bedrooms, **[\$22,500]** \$25,000 per family unit with three bedrooms, and **[\$25,500]** \$28,000 per family unit with four or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design: *Provided further*, That the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed 45 per centum in any geographical area where he finds that cost levels so require. *Provided further*, That in the case of a mortgagor of the character described in paragraph (3) of subsection (a) the mortgage shall involve a principal obligation in an amount not to exceed 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *And provided further*, That upon the sale of a property or project by a mortgagor of the character described in paragraph (3) of subsection (a) to a nonprofit cooperative ownership housing corporation or trust within two years after the completion of such property or project the mortgage given to finance such sale shall involve a principal obligation in an amount not to exceed the maximum amount computed in accordance with this subsection without regard to the preceding proviso.

* * * * *

(j)(1) * * *

(2) To be eligible for insurance under this subsection, a supplementary cooperative loan shall—

(A) be limited to an amount which, when added to the outstanding mortgage indebtedness on the property, creates a total outstanding indebtedness which does not exceed the original principal obligation of the mortgage; *except that, in the case of improvements or additional community facilities, the outstanding indebtedness may be increased by an amount equal to 97 per centum of the amount which the Secretary estimates will be the value of such improvements or facilities, and the new outstanding indebtedness may exceed the original principal obligation of the mortgage if such new outstanding indebtedness does not exceed the limitations imposed by subsection (b);*

(B) have a maturity satisfactory to the Commissioner but not to exceed the remaining term of the mortgage;

(C) be secured in such manner as the Commissioner may require;

(D) contain such other terms, conditions, and restrictions as the Commissioner may prescribe; and

(E) represent the obligation of a borrower of the character described in paragraph (1) of subsection (a).

(k) There is hereby created a Cooperative Management Housing Insurance Fund (hereinafter referred to as the "Management Fund"). The Management Fund shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section with respect to mortgages or loans insured, on or after the date of the enactment to this subsection, under subsections (a)(1), (a)(3) (if the project is acquired by a cooperative corporation), (i), and (j). The Management Fund shall also be used as a revolving fund for mortgages, loans, and commitments transferred to it pursuant to subsection (m).

[The Commissioner is directed to transfer to the Management Fund from the General Insurance Fund established pursuant to section 519 such amount as the Commissioner determines to be necessary and appropriate.**]** *The Secretary is directed to transfer to the Management Fund from the General Insurance Fund an amount equal to the total of the premium payments theretofore made with respect to the insurance of mortgages and loans transferred to the Management Fund pursuant to subsection (m) minus the total of any administrative expenses theretofore incurred in connection with such mortgages and loans, plus such other amounts as the Secretary determines to be necessary and appropriate.* General expenses of the operation of the Federal Housing Administration relating to mortgages or loans which are the obligation of the Management Fund may be charged to the Management Fund.

(l) The Commissioner shall establish in the Management Fund, as of the date of the enactment of this subsection, a General Surplus Account and a Participating Reserve Account. The aggregate net income thereafter received or any net loss thereafter sustained by the Management Fund, in any semiannual period, shall be credited or charged to the General Surplus Account or the Participating Reserve Account or both in such manner and amounts as the Commissioner may determine to be in accord with sound actuarial and accounting practice. Upon termination of the insurance obligation of the Management Fund by payment of any mortgage or loan insured under this section, and at such time or times prior to such termination as the Commissioner may determine, the Commissioner is authorized to distribute to the mortgagor or borrower a share of the Participating Reserve Account in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound actuarial and accounting practice: *Provided*, That in no event shall the amount of the distributable share exceed the aggregate scheduled annual premiums of the mortgagor or borrower to the year of payment of the share less the total amount of any share or shares previously distributed by the Commissioner to the mortgagor or borrower: *And provided further*, That in no event may a distributable share be distributed until any funds transferred from the General Insurance Fund to the Management Fund **[**pursuant to subsection (k) or (o)**]** *pursuant to subsection (o)* have been repaid in full to the General Insurance Fund. No mortgagor, mortgagee, borrower, or lender shall have any vested right in a credit balance in any such account or be subject to any liability arising out of the mutuality of the Management Fund. The determination of the Commissioner as to the amount to be paid by him to any mortgagor or borrower shall be final and conclusive.

(m) The Commissioner is authorized to transfer to the Management Fund commitments for insurance issued under subsections (a)(1), (i), and (j) prior to the date of the enactment of this subsection, and to transfer to the Management Fund the insurance of any mortgage or loan insured prior to the date of the enactment of this subsection under subsection (a)(1), (a)(3) (if the project is acquired by a cooperative corporation), (i) or (j) **[**, but only in cases where the consent of the mortgagee or lender to the transfer is obtained or a request by the mortgagee or lender for the transfer is received by the Commissioner within such period of time after the date of the enactment of this subsection as the Commissioner shall prescribe**]**: *Provided*, That the insurance of any mortgage or loan shall not be transferred under the provisions of this subsection if on the date of the enactment of this

subsection the mortgage or loan is in default and the mortgagee or lender has notified the Commissioner in writing of its intention to file an insurance claim. Any insurance or commitment not so transferred shall continue to be an obligation of the General Insurance Fund.

(n) Notwithstanding the limitations contained in other provisions of this Act, premium charges for mortgages or loans [insured under this section and sections 207, 231, and 232] *the insurance of which is the obligation of either the Management Fund or the General Insurance Fund* may be payable in debentures issued in connection with mortgages or loans transferred to the Management Fund or in connection with mortgages or loans insured pursuant to commitments transferred to the Management Fund, as provided in subsection (m) of this section. *Premium charges on the insurance of mortgages or loans transferred to the Management Fund or insured pursuant to commitments transferred to the Management Fund may be payable in debentures which are the obligation of either the Management Fund or of the General Insurance Fund.*

* * * * *

REHABILITATION AND NEIGHBORHOOD CONSERVATION HOUSING INSURANCE

SEC. 220. (a) The purpose of this section is to aid in the elimination of slums and blighted conditions and the prevention of the deterioration of residential property by supplementing the insurance of mortgages under sections 203 and 207 of this title with a system of loan and mortgage insurance designed to assist the financing required for the rehabilitation of existing dwelling accommodations and the construction of new dwelling accommodations where such dwelling accommodations are located in an area referred to in paragraph (1) of subsection (d) of this section.

(b) The Commissioner is authorized, upon application by the mortgagee, to insure, as hereinafter provided, any mortgage (including advances during construction on mortgages covering property of the character described in paragraph (3)(B) of subsection (d) of this section) which is eligible for insurance as hereinafter provided, and, upon such terms and conditions as he may prescribe to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

(c) As used in this section, the terms "mortgage," "first mortgage," "mortgagee," "mortgagor," "maturity date," and "State" shall have the same meaning as in section 201 of this Act.

(d) To be eligible for insurance under this section a mortgage shall meet the following conditions:

(1) The mortgaged property shall—

(A) be located in (i) the area of a slum clearance and urban redevelopment project covered by a Federal-aid contract executed or a prior approval granted, pursuant to title I of the Housing Act of 1949 before the effective date of the Housing Act of 1954, or (ii) an urban renewal area (as defined in title I of the Housing Act of 1949, as amended) in a community respecting which the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by section 101(c) of the Housing Act of 1949, as amended, or (iii) the area of an urban renewal project assisted under section 111 of the Housing Act of 1949, as

amended, or (iv) an area in which a program of concentrated code enforcement activities is being carried out pursuant to section 117 of the Housing Act of 1949: *Provided*, That, in the case of an area within the purview of clause (i) or (ii) of this subparagraph, a redevelopment plan or an urban renewal plan (as defined in title I of the Housing Act of 1949, as amended), as the case may be, has been approved for such area by the governing body of the locality involved and by the Housing and Home Finance Administrator and the Administrator has certified to the Commissioner that such plan conforms to a general plan for the locality as a whole and that there exist the necessary authority and financial capacity to assure the completion of such redevelopment or urban renewal plan: *And provided further*, That, in the case of an area within the purview of clause (iii) of this subparagraph, an urban renewal plan (as required for projects assisted under such section 111) has been approved for such area by such governing body and by the Administrator, and the Administrator has certified to the Commissioner that such plan conforms to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements, and that there exist the necessary authority and financial capacity to assure the completion of such urban renewal plan, and

(B) meet such standards and conditions as the Commissioner shall prescribe to establish the acceptability of such property for mortgage insurance under this section.

(2) The mortgaged property shall be held by—

(A) a mortgagor approved by the Commissioner, and the Commissioner may in his discretion require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return and methods of operation, and for such purpose the Commissioner may make such contracts with and acquire for not to exceed \$100 stock or interest in any such mortgagor as the Commissioner may deem necessary to render effective such restriction or regulations. Such stock or interest shall be paid for out of the General Insurance Fund and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance; or

(B) by Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited dividend or redevelopment or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation.

(3) The mortgage shall—

(A) (i) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$30,000 in the case of property upon which there is located a dwelling designed principally for a one-family residence; or \$32,500 in the case of a two-family residence; or \$32,500 in the case of a three-family residence; or \$37,500 in the case of a four-family residence; or in the case of a dwelling designed principally for residential use for more than four families (but not exceeding such additional number of family units as the Commissioner

may prescribe) \$37,500 plus not to exceed \$7,000 for each additional family unit in excess of four located on such property; and not to exceed an amount equal to the sum of (1) 97 per centum (but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance, 90 per centum) of \$15,000 of the Commissioner's estimate of replacement cost of the property, as of the date the mortgage is accepted for insurance, (2) 90 per centum of such replacement cost in excess of \$15,000 but not in excess of \$20,000, (3) **[75 per centum]** 80 per centum of such replacement cost in excess of \$20,000: *Provided*, That in the case of properties other than new construction, the foregoing limitations upon the amount of the mortgage shall be based upon the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation rather than upon the Commissioner's estimate of the replacement cost: *Provided further*, That if the mortgagor is a veteran and the mortgage to be insured under this section covers property upon which there is located a dwelling designed principally for a one-family residence, the principal obligation may be in an amount equal to the sum of (1) 100 per centum of \$15,000 of the Commissioner's estimate of replacement cost of the property as of the date the mortgage is accepted for insurance, (2) 90 per centum of such replacement cost in excess of \$15,000 but not in excess of \$20,000, and (3) 85 per centum of such replacement cost in excess of \$20,000. As used herein, the term "veteran" means any person who served on active duty in the Armed Forces of the United States for a period of not less than ninety days (or is certified by the Secretary of Defense as having performed extra-hazardous service), and who was discharged or released therefrom under conditions other than dishonorable;

* * * * *

HOUSING FOR MODERATE INCOME AND DISPLACED FAMILIES

SEC. 221. (a) * * *

* * * * *

(d) To be eligible for insurance under this section, a mortgage shall—

(1) * * *

(2) be secured by property upon which there is located a dwelling conforming to applicable standards prescribed by the Commissioner under subsection (f) of this section, and meeting the requirements of all State laws, or local ordinances or regulations, relating to the public health or safety, zoning, or otherwise, which may be applicable thereto, and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount (A) not to exceed (i) **[\$11,000]** \$12,500 in the case of a property upon which there is located a dwelling designed principally for a single-family residence, (ii) **[\$18,000]** \$20,000 in the case of a property upon which there is located a dwelling designed principally for a two-family residence, (iii) \$27,000 in the case of a

property upon which there is located a dwelling designed principally for a three-family residence, or (iv) \$33,000 in the case of a property upon which there is located a dwelling designed principally for a four-family residence; *Provided*, That a mortgage secured by property upon which there is located a dwelling designed principally for a two-, three-, or four-family residence shall not be insured under this section except in the case of a dwelling for occupancy by a family displaced from an urban renewal area or as a result of governmental action:

Provided further, That the Commissioner may increase the foregoing amounts to not to exceed \$15,000, \$25,000, \$32,000, and \$38,000, respectively, in any geographical area where he finds that cost levels so require; and (B) not to exceed the appraised value of the property (as of the date the mortgage is accepted for insurance): *Provided*, That (i) if the mortgagor is the owner and an occupant of the property at the time of insurance, (1) in the case of a family displaced from an urban renewal area or as a result of Government action, he shall have paid on account of the property at least \$200 in the case of a single-family dwelling, \$400 in the case of a two-family dwelling, \$600 in the case of a three-family dwelling, and \$800 in the case of a four-family dwelling, or (2) in the case of any other family, he shall have paid on account of the property at least 3 per centum of the Commissioner's estimate of its acquisition cost; which amount in either instance may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses; or (ii) in the case of repair and rehabilitation, the amount of the mortgage shall not exceed the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation, except that in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner required to refinance existing indebtedness secured by the property: *Provided further*, That nothing contained herein shall preclude the Commissioner from issuing a commitment to insure, and insuring a mortgage pursuant thereto, where the mortgagor is not the owner and an occupant of the property, if the property is to be built or acquired and repaired or rehabilitated for sale, and the insured mortgage financing is required to facilitate the construction, or the repair or rehabilitation, of the dwelling and to provide financing pending the subsequent sale thereof to a qualified owner who is also an occupant thereof, but in such instances the mortgage shall not exceed 85 per centum of the appraised value; or

* * * * *

(f) *The property or project shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance and may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants: Provided, That in the case of any such property or project located in an urban renewal area, the provisions of section 220(d)(3)(B) (iv) shall apply with respect to the nondwelling facilities which may be included in the mortgage if the mortgagor waives the right to receive dividends on its equity investment in the portion thereof devoted to community and shopping facilities.*

A property or project covered by a mortgage insured under the provisions of subsection (d)(3) or (d)(4) shall include five or more family units. The Commissioner is authorized to adopt such procedures and requirements as he determines are desirable to assure that the dwelling accommodations provided under this section are available to families displaced from urban renewal areas or as a result of governmental action. Notwithstanding any provision of this Act, the Commissioner, in order to assist further the provision of housing for low and moderate-income families, in his discretion and under such conditions as he may prescribe, may insure a mortgage which meets the requirements of subsection (d)(3) of this section as in effect after the date of enactment of the Housing Act of 1961, *or which meet the requirements of subsection (h), with no premium charge, with a reduced premium charge, or with a premium charge for such period or periods during the time the insurance is in effect as the Commissioner may determine, and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to reimburse the General Insurance Fund for any net losses in connection with such insurance. No mortgage shall be insured under this section after October 1, 1969, except pursuant to a commitment to insure before that date, or except a mortgage covering property which the Commissioner finds will assist in the provision of housing for families displaced from urban renewal areas or as a result of governmental action. Any person who is sixty-two years of age or over, or who is a handicapped person within the meaning of section 202 of the Housing Act of 1959, shall be deemed to be a family within the meaning of the terms "family" and "families" as those terms are used in this section. Low- and moderate-income persons who are less than 62 years of age shall be eligible for occupancy of dwelling units in a project financed with a mortgage insured under subsection (d)(3), but not more than 10 per centum of the dwelling units in any such project shall be available for occupancy by such persons.*

(g) The mortgage shall be entitled to receive the benefits of the insurance as hereinafter provided—

(1) as to mortgages meeting the requirements of paragraph (2) of subsection (d) of this section *or paragraph (5) of subsection (h) of this section*, as provided in section 204(a) of this Act with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 of this Act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgages Insurance Fund or the Fund shall be considered to refer to the General Insurance Fund and all references therein to section 203 shall be construed to refer to this section; or

(2) as to mortgages meeting the requirements of paragraph (3) or (4) of subsection (d) of this section *or paragraph (1) of subsection (h) of this section*, as provided in section 207 (g) of this Act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this Act shall be applicable to such mortgages insured under this section; or

(3) as to mortgages meeting the requirements of this section which are insured or initially endorsed for insurance on or after the date of enactment of the Housing Act of 1961, notwithstand-

ing the provisions of paragraphs (1) and (2) of this subsection, the Commissioner in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such paragraphs in cash or in debentures (as provided in the mortgage insurance contract), or may acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner and made previously by the mortgagee under the provisions of the mortgage, and after the acquisition of any such mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan. The appropriate provisions of sections 204 and 207 relating to the issuance of debentures shall apply with respect to debentures issued under this paragraph, and the appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this paragraph, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages so acquired (A) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the General Insurance Fund, and (B) all references in section 204 to section 203 shall be construed to refer to this section. If the insurance is paid in cash, there shall be added to such payment an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the Commissioner.

(4) In the event any mortgage insured under this section is not in default at the expiration of twenty years from the date the mortgage was endorsed for insurance, the mortgagee shall, within a period thereafter to be determined by the Commissioner, have the option to assign, transfer, and deliver to the Commissioner the original credit instrument and the mortgage securing the same and receive the benefits of the insurance as hereinafter provided in this paragraph, upon compliance with such requirements and conditions as to the validity of the mortgage as a first lien and such other matters as may be prescribed by the Commissioner at the time the loan is endorsed for insurance. Upon such assignment, transfer, and delivery the obligation of the mortgage to pay the premium charges for insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided herein, issue to the mortgagee debentures having a total face value equal to the amount of the original principal obligation of the mortgage which was unpaid on the date of the assignment, plus accrued interest to such date. Debentures issued pursuant to this paragraph shall be issued in the same manner and subject to the same terms and conditions as debentures issued under paragraph (1) of this subsection, except that the debentures issued pursuant to this paragraph shall be dated as of the date the mortgage is assigned to the Commissioner, shall mature ten years after such date, and shall gear interest from such date at the going Federal rate determined at the

time of issuance. The term "going Federal rate" as used herein means the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (consisting of January through June or July through December) which includes the issuance date of such debentures, which applicable rate for each six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of eight to twelve years from the first day of such month of May or November (or, if no such obligations are outstanding, the obligation next shorter than eight years and the obligation next longer than twelve years, respectively, shall be used), and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum. The Commissioner shall have the same authority with respect to mortgages assigned to him under this paragraph as contained in section 207(k) and section 207(l) as to mortgages insured by the Commissioner and assigned to him under section 207 of this Act.

(h)(1) In addition to mortgages insured under the other provisions of this section, the Secretary is authorized, upon application by the mortgagee, to insure under this subsection as hereinafter provided any mortgage (including advances under such mortgage during rehabilitation) which is executed by a nonprofit organization to finance the purchase and rehabilitation of deteriorating or substandard housing for subsequent resale to low-income home purchasers and, upon such terms and conditions as the Secretary may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

(2) To be eligible for insurance under paragraph (1) of this subsection a mortgage shall—

(A) be executed by a private nonprofit corporation or association approved for purposes of this subsection by the Secretary, for the purpose of financing the purchase of property (comprising one or more tracts or parcels, whether or not contiguous) upon which there is located deteriorating or substandard housing consisting of five or more single-family dwellings of detached, semi-detached, or row construction and of rehabilitating such dwellings with a view to subsequent resale as hereinafter provided;

(B) be secured by the property which is to be purchased and rehabilitated with the proceeds thereof;

(C) be in a principal amount not exceeding the appraised value of the property at the time of its purchase under the mortgage plus the estimated cost of the rehabilitation;

(D) bear interest (exclusive of premium charges for insurance and service charge, if any) at the rate in effect under the proviso in subsection (d)(5) at the time of execution;

(E) provide for complete amortization (subject to paragraph (5)(E)) by periodic payments within such term as the Secretary may prescribe; and

(F) provide for the release of individual single-family dwellings from the lien of the mortgage upon the sale of the rehabilitated dwellings in accordance with paragraph (5).

(3) No mortgage shall be insured under paragraph (1) unless the mortgagor shall have demonstrated to the satisfaction of the Secretary

that (A) the property to be rehabilitated is located in a neighborhood which is sufficiently stable and contains sufficient public facilities and amenities to support long-term values, or (B) the rehabilitation to be carried out by the mortgagor plus its related activities and the activities of other owners of housing in the neighborhood, together with actions to be taken by public authorities, will be of such scope and quality as to give reasonable promise that a stable environment will be created in the neighborhood.

(4) The aggregate principal balance of all mortgages insured under paragraph (1) and outstanding at any one time shall not exceed \$20,000,000.

(5)(A) No mortgage shall be insured under paragraph (1) unless the mortgagor enters into an agreement (in form and substance satisfactory to the Secretary) that it will offer to sell the dwellings involved, upon completion of their rehabilitation, to individuals or families (hereinafter referred to as "low-income purchasers") determined by the Secretary to have incomes below the maximum amount specified (with respect to the area involved) in section 101(c)(1) of the Housing and Urban Development Act of 1965.

(B) The Secretary is authorized to insure under this paragraph mortgages executed to finance the sale of individual dwellings to low-income purchasers as provided in subparagraph (A). Any such mortgage shall—

(i) be in a principal amount equal to that portion of the unpaid balance of the principal mortgage covering the property (insured under paragraph (1)) which is allocable to the individual dwelling involved; and

(ii) bear interest at the same rate as the principal mortgage, and provide for complete amortization by periodic payments within a term equal to the remaining term (determined without regard to subparagraph (E)) of such principal mortgage.

(C) The price for which any individual dwelling is sold to a low-income purchaser under this paragraph shall be the amount of the mortgage covering the sale as determined under subparagraph (B), except that the purchaser shall in addition thereto be required to pay on account of the property at the time of purchase such amount (which shall not be less than \$200, but which may be applied in whole or in part toward closing costs) as the Secretary may determine to be reasonable and appropriate in the circumstances.

(D) Upon the sale under this paragraph of any individual dwelling, such dwelling shall be released from the lien of the principal mortgage, and such mortgage shall thereupon be replaced by an individual mortgage insured under this paragraph to the extent of the portion of its unpaid balance which is allocable to the dwelling covered by such individual mortgage. Until all of the individual dwellings in the property covered by the principal mortgage have been sold, the mortgagor shall hold and operate the dwellings remaining unsold at any given time as though they constituted rental units in a project covered by a mortgage which is insured under subsection (d)(3) (and which receives the benefits of the interest rate provided for in the proviso in subsection (d)(5)).

(E) Upon the sale under this paragraph of all of the individual dwellings in the property covered by the principal mortgage, and the release of all individual dwellings from the lien of the principal mortgage, the insurance of the principal mortgage shall be terminated and no adjusted premium charge shall be charged by the Secretary upon such termination.

(F) Any mortgage insured under this paragraph shall contain a provision that if the low-income mortgagor does not continue to occupy

the property, the interest rate shall increase to the highest rate permissible under this section and the regulations of the Secretary effective at the time of commitment for insurance of the principal mortgage; except that the increase in interest rate shall not be applicable if the property is sold and the purchaser is (i) the nonprofit organization which executed the principal mortgage, (ii) a public housing agency having jurisdiction under the United States Housing Act of 1937 over the area where the dwelling is located, or (iii) a low-income purchaser approved for the purposes of this paragraph by the Secretary.

* * * * *

MISCELLANEOUS HOUSING INSURANCE

SEC. 223. (a) Notwithstanding any of the provisions of this title, and without regard to limitations upon eligibility contained in section 203, 207, 213, 220, 221, 222, 231, 232, or 233 the Commissioner is authorized, upon application by the mortgagee, to insure or make commitments to insure under section 203, 207, 213, 220, 221, 222, 231, 232, or 233 of this title any mortgage—

* * * * *

[(8) executed in connection with the sale by the Commissioner of any housing acquired pursuant to section 108 of the Housing and Urban Developing Act of 1965.]

(8) executed in connection with the sale by the Government of any housing acquired pursuant to section 915 of the Demonstration Cities and Metropolitan Development Act of 1966.

* * * * *

BUILDER’S COST CERTIFICATION

SEC. 227. Notwithstanding any other provisions of this Act, no mortgage covering new or rehabilitated multifamily housing or *a property or project described in title XI* shall be insured under this Act unless the mortgagor has agreed (a) to certify, upon completion of the physical improvements on the mortgaged property or project and prior to final endorsement of the mortgage, either (i) that the approved percentage of actual cost (as those terms are herein defined) equaled or exceeded the proceeds of the mortgage loan or (ii) the amount by which the proceeds of the mortgage loan exceeded such approved percentage of actual cost, as the case may be, and (b) to pay forthwith to the mortgagee, for application to the reduction of the principal obligation of such mortgage, the amount, if any, certified to be in excess of such approved percentage of actual cost. Upon the Commissioner’s approval of the mortgagor’s certification as required hereunder, such certification shall be final and incontestable, except for fraud or material misrepresentation on the part of the mortgagor. As used in this section—

(a) The term “new or rehabilitated multifamily housing” means a project or property approved for mortgage insurance prior to the construction or the repair and rehabilitation involved and covered by a mortgage insured or to be insured (i) under section 207, (ii) under section 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) thereof or with respect to any property or project of a

mortgagor of the character described in paragraph (3) of subsection (a) thereof, (iii) under section 220 if the mortgage meets the requirements of paragraph (3)(B) of subsection (d) thereof, (iv) under section 221 if the mortgage meets the requirements of paragraph (3) or paragraph (4) of subsection (d) thereof, (v) under section 231, (vi) under section 233 if the mortgage meets the requirements of [subsection (b)(2)] subsection (b), (vii) under section 810 if the mortgage meets the requirements of subsection (f), or (viii) under section 234(d);

* * * * *

TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

* * * * *

CREATION OF ASSOCIATION

SEC. 302. (a) * * *
(b) For the purposes set forth in section 301 and subject to the limitations and restrictions of this title, the Association is authorized, pursuant to commitments or otherwise, to purchase, lend (under section 304) on the security of, service, sell, or otherwise deal in any mortgages which are insured under the National Housing Act or title V of the Housing Act of 1949, or which are insured or guaranteed under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code: *Provided*, That (1) no mortgage may be purchased at a price exceeding 100 per centum of the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items; (2) the Association may not purchase any mortgage, except a mortgage insured under title V of the Housing Act of 1949, if it is offered by, or covers property held by, a State, territorial, or municipal instrumentality; and (3) the Association may not purchase any mortgage under section 305, except a mortgage insured under section 220 or title VIII, *or under title X with respect to a new community approved under section 1004 thereof*, or insured under section 213 and covering property located in an urban renewal area, or a mortgage covering property located in Alaska, Guam, or Hawaii, if the original principal obligation thereof exceeds or exceeded \$17,500 for each family residence or dwelling unit covered by the mortgage (plus an additional \$2,500 for each such family residence or dwelling unit which has four or more bedrooms). Notwithstanding the provisions of clause (3) in the preceding sentence, the Association may purchase a mortgage under section 305 with an original principal obligation that exceeds \$17,500 per dwelling unit if the mortgage (1) is a below-market interest rate mortgage insured under section 221(d) (3), and (2) covers property which has the benefit of local tax abatement in an amount determined by the Federal Housing Commissioner to be sufficient to make possible rentals not in excess of those that would be approved by the Commissioner if the mortgage amount did not exceed \$17,500 per dwelling unit and if local tax abatement were not provided. For the purposes of this title, the terms "mortgages" and "home mortgages" shall be inclusive of any mortgages or other loans insured under any of the provisions of the National Housing Act or title V of the Housing Act of 1949.

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SECONDARY MARKET OPERATIONS

SEC. 304. (a)(1) To carry out the purposes set forth in paragraph (a) of section 301, the operations of the Association under this section shall be confined, so far as practicable, to mortgages which are deemed by the Association to be of such quality, type, and class as to meet, generally, the purchase standards imposed by private institutional mortgage investors and the Association shall not purchase any mortgage insured or guaranteed prior to the effective date of the Housing Act of 1954. In the interest of assuring sound operation, the prices to be paid by the Association for mortgages purchased in its secondary market operations under this section, should be established, from time to time, within the range of market prices for the particular class of mortgages involved, as determined by the Association. The volume of the Association's purchases and sales, and the establishment of the purchase prices, sale prices, and charges or fees, in its secondary market operations under this section, should be determined by the Association from time to time, and such determinations should be consistent with the objectives that such purchases and sales should be effected only at such prices and on such terms as will reasonably prevent excessive use of the Association's facilities, and that the operations of the Association under this section should be within its income derived from such operations and that such operations should be fully self-supporting. [Notwithstanding any other provision of this section, advance commitments to purchase mortgages in secondary market operations under this section shall be issued only at prices which are sufficient to facilitate home financing, but which are sufficiently below the price then offered by the Association for immediate purchase to prevent excessive sales to the Association pursuant to such commitments.]

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SPECIAL ASSISTANCE FUNCTIONS

Sec. 305. (a) * * *

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(e) Notwithstanding any other provision of this Act, the Association is authorized to enter into advance commitment contracts and purchase transactions which do not exceed \$200,000,000 outstanding at any one time, if such commitments or transactions relate to mortgages with respect to which the Federal Housing Commissioner shall have issued pursuant to section 213 either a commitment to insure or a statement of eligibility; but such commitments in any one State shall not exceed \$20,000,000 outstanding at any one time: *Provided*, That (1) of the total amount of advance commitment contracts and purchase transactions authorized by this subsection, the amount of \$50,000,000 shall be available solely for commitments or purchases of mortgages where the management or sales-type cooperative involved is certified by the Federal Housing Commissioner as a consumer cooperative, and (2) of the commitments in any one State, not more than \$15,000,000 shall be outstanding at any one time for mortgages with respect to cooperative projects which are not of the type described in clause (1) of this proviso. On and after the date of enactment of the Housing Act of 1959, the Association is authorized to enter into advance commitment contracts and purchase transactions (in addition to those authorized by the preceding sentence) relating to mortgages with

respect to which the Federal Housing Commissioner shall have issued pursuant to section 213 a commitment to insure or a statement of eligibility, without regard to any of the limitations contained in the preceding sentence; except that the total amount of the additional advance commitment contracts and purchase transactions authorized by this sentence which may be outstanding at any one time shall not exceed \$25,000,000, of which the amount of \$12,500,000 shall be available solely for commitments or purchases of mortgages where the management or sales-type cooperative involved is certified by the Federal Housing Commissioner as a consumer cooperative and the amount of \$12,500,000 shall be available solely for commitments or purchases of mortgages where the cooperative involved is a builder-sponsor cooperative. Without regard to any of the limitations of this subsection except the total amount of authorizations available, the Association is authorized to enter into advance commitment contracts and purchase transactions on **[supplementing]** *supplementary* cooperative loans with respect to which the Federal Housing Commissioner shall have issued, pursuant to section 213(j), either a commitment to insure or a statement of eligibility; but such commitments and purchases shall be made solely where there is a management-type cooperative involved which is certified by the Federal Housing Commissioner as a consumer cooperative.

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(h) Notwithstanding clause (2) of section 302(b) and any provision of this Act which is inconsistent with this subsection, the Association is authorized (subject to Presidential action as provided in subsection (a), as limited by subsection (c)) to purchase pursuant to commitments or otherwise, and to service, sell, or otherwise deal in, mortgages insured under the provision of **[section 221(d)(3)]** *sections 221 (d)(3) and 221 (h)* of this Act.

(i) *In any case where the Association makes a commitment to purchase under this section (1) a mortgage insured under section 213, or (2) a mortgage insured under section 221(d)(3) and executed by a cooperative (including an investor-sponsor), a private nonprofit corporation or association, or a mortgagor qualified under section 221(e), such commitment may provide for participation by the Association in the making of insured advances on the mortgage during construction. Such participation shall be limited to 95 per centum of the amount of each of the advances involved, and the mortgagee providing the balance of such amount shall perform all necessary servicing and processing of such advances until the final insurance endorsement of the mortgage.*

The Secretary of Housing and Urban Development shall approve the reasonableness of the fee to be paid a participating mortgagee, taking into account its services and the extent of its participation in the advances.

* * * * *

BOARD OF DIRECTORS

SEC. 308. **[a]** The Association shall have a Board of Directors consisting of five persons, one of whom shall be the Housing and Home Finance Administrator as Chairman of the Board, and four of whom shall be appointed by said Administrator from among the officers or employees of the Association, of the immediate office of said Administrator, or (with the consent of the head of such department or agency) of any other department or agency of the Federal Govern-

ment. The board of directors shall meet at the call of its chairman, who shall require it to meet not less often than once each month. Within the limitations of law, the board shall determine the general policies which shall govern the operations of the Association. The chairman of the board shall select and effect the appointment of qualified persons to fill the offices of president and vice president, and such other offices as may be provided for in the bylaws, with such executive functions, powers, and duties as may be prescribed by the bylaws or by the board of directors, and such persons shall be the executive officers of the Association and shall discharge all such executive functions, powers, and duties. The members of the board, as such, shall not receive compensation for their services.

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TITLE V—MISCELLANEOUS

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PENALTIES

SEC. 512. Notwithstanding any other provision of law, the Commissioner is authorized to refuse the benefits of participation (either directly as an insured lender or as a borrower, or indirectly as a builder, contractor, or dealer, or salesman or sales agent for a builder, contractor or dealer) under title I, II, VI, VII, VIII, **[or IX]** IX, X, or XI of this Act to any person or firm (including but not limited to any individual, partnership, association, trust, or corporation) if the Commissioner has determined that such person or firm (1) has knowingly or willfully violated any provision of this Act or of title III of the Servicemen's Readjustment Act of 1944, as amended, or of chapter 37 of title 38, United States Code, or of any regulation issued by the Commissioner under this Act or by the Administrator of Veterans' Affairs under said title III, or chapter 37, or (2) has, in connection with any construction, alteration, repair or improvement work financed with assistance under this Act or under said title III, or chapter 37, or in connection with contracts or financing relating to such work, violated any Federal or State penal statute, or (3) has failed materially to properly carry out contractual obligations with respect to the completion of construction, alteration, repair, or improvement work financed with assistance under this Act or under title III of the Servicemen's Readjustment Act of 1944, as amended, or of chapter 37 of title 38, United States Code. Before any such determination is made any person or firm with respect to whom such a determination is proposed shall be notified in writing by the Commissioner and shall be entitled, upon making a written request to the Commissioner to a written notice specifying charges in reasonable detail and an opportunity to be heard and to be represented by counsel. Determinations made by the Commissioner under this section shall be based on the preponderance of the evidence. For the purposes of compliance with this section the Commissioner notice of a proposed determination under this section shall be considered to have been received by the interested person or firm if the notice is properly mailed to the last known address of such person or firm.

* * * * *

WAIVER OF DEDUCTION ON ASSIGNMENT OF PROPERTY TO SECRETARY
IN LIEU OF FORECLOSURE

SEC. 523. Notwithstanding any other provision of this Act, from and after the date of the enactment of the Housing and Urban Development Act of 1966, the Secretary, under such terms and conditions as he may approve, may waive all or a part of the 1 per centum deduction otherwise made from insurance benefits with respect to multifamily housing or land development mortgages assigned to him, where the assignment is made at his request in lieu of foreclosure of the mortgage.

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TITLE VIII—ARMED SERVICES HOUSING MORTGAGE INSURANCE

* * * * *

SEC. 803. (a) In order to assist in relieving the acute shortage and urgent need for family housing which now exists at or in areas adjacent to military installations because of uncertainty as to the permanency of such installations and to increase the supply of necessary family housing accommodations for personnel at such installations, the Commissioner is authorized, upon application of the mortgagee, to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided, and, upon such terms as the Commissioner may prescribe, to make commitments for so insuring such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the aggregate amount of principal obligations of all mortgages insured under this title (except mortgages insured pursuant to the provisions of this title in effect prior to the enactment of the Housing Amendments of 1955) shall not exceed **[\$2,300,000,000]** *\$3,350,000,000*: *And provided further*, That the limitation in section 217 of this Act shall not apply to this title: *And provided further*, That no more mortgages shall be insured under this section after October 1, **[1962]** *1969*, except pursuant to a commitment to insure before such date, and not more than **[twenty-eight thousand]** *eighty-eight thousand* family housing units shall be contracted for after June 30, 1959, pursuant to any mortgage insured under this section after such date.

(b) To be eligible for insurance under this title a mortgage shall meet the following conditions:

(1) The mortgaged property shall be held by a mortgagor approved by the Commissioner. The Commissioner may, in his discretion, require such mortgagor to be regulated or restricted as to capital structure, and methods of operation. The Commissioner may make such contracts with, and acquire for not to exceed \$100 stock or interest, in any such mortgagor, as the Commissioner may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of the General Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.

(2) The mortgaged property shall be designed for use for residential purposes by personnel of the armed services and situated at or near a military installation, and the Secretary or his designee shall have certified that there is no intention, so far as can reasonably be foreseen, to substantially curtail the personnel assigned or to be assigned to such installation, and (i) shall have determined that for reasons of

safety, security, or other essential military requirements, it is necessary that the personnel involved reside in public quarters (*Provided, however,* That for the purposes of this subsection housing covered by a mortgage insured, or for which a commitment to insure has been issued under section 803 prior to the enactment of the "Housing Amendments of 1955" may be considered the same as available quarters), and (ii) with the approval of the Commissioner, shall have determined that adequate housing is not available for such personnel at reasonable rentals within reasonable commuting distance of the installation and that the mortgaged property will not, so far as can reasonably be foreseen, substantially curtail occupancy in existing housing covered by mortgages insured under this Act. The housing accommodations shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance, except that the certification of the Secretary of Defense or his designee shall (for purposes of mortgage insurance under this title) be conclusive evidence to the Commissioner of the existence of the need for such housing. However, if the Commissioner does not concur in the housing needs as certified by the Secretary, the Commissioner may require the Secretary to guarantee the General Insurance Fund against loss with respect to the mortgage covering such housing. The Commissioner shall report to the Committees on Banking and Currency of the Senate and the House of Representatives each instance in which he has required the Secretary to guarantee the General Insurance Fund, with reasons therefor. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guaranty.

(3) The mortgage shall involve a principal obligation in an amount—

(A) not to exceed the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the cost of the property or project as such term is used in this paragraph may include the cost of the land, the physical improvements, and utilities within the boundaries of the property or project);

(B) not to exceed an average of **[\$16,500]** \$17,500 per family unit for such part of such property or project (including ranges, refrigerators, shades, screens, and fixtures) as may be attributable to dwelling use: *Provided*, That the replacement cost of the property or project as determined by the Commissioner, including the estimated value of any usable utilities within the boundaries of the property or project where owned by the United States and not provided for out of the proceeds of the mortgage, shall not exceed an average of **[\$16,500]** \$17,500 per family unit: *Provided further*, That should the financing of housing to be constructed pursuant to a single invitation for bids be accomplished by two or more mortgages, the principal obligation of any single mortgage may exceed an average of **[\$16,500]** \$17,500 per family unit if the sum of the principal obligations of all mortgages for such housing does not exceed an average of **[\$16,500]** \$17,500 per family unit: *And provided further*, That subject to the limitations of this paragraph no family unit included in any mortgaged property shall be contracted for after the date of enactment of the Military Contruction Act of 1960 if the cost of such unit exceeds \$19,800; and

(C) not to exceed the bid of the eligible bidder with respect to the property or project under section 403 of the Housing Amendments of 1955.

The mortgage shall provide for complete amortization by periodic payments within such terms as the Commissioner shall prescribe, but not to exceed thirty years from the beginning of amortization of the mortgage, and shall bear interest (exclusive of premium charges for insurance) at not to exceed **[4½ per centum]** *5½ per centum* per annum of the amount of the principal obligation outstanding at any time. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release. The property or project may include such nondwelling facilities as the Commissioner deems adequate to serve the occupants.

* * * * *
SEC. 810. (a) * * *

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(i) The aggregate number of dwelling units (including all units in multifamily projects or individual dwellings) covered by outstanding commitments to insure and mortgages insured under this section shall at no time exceed **[five thousand]** *ten thousand* dwelling units.
* * * * *

TITLE X—MORTGAGE INSURANCE FOR LAND
DEVELOPMENT

DEFINITIONS

SEC. 1001. As used in this title—
(a) the term “mortgage” means a lien or liens on real estate in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable, or (2) under a lease having a period of not less than fifty years to run from the date the mortgage was executed;
(b) the term “first mortgage” includes such classes of first liens as are commonly given to secure advances (including but not limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and may be in the form of trust mortgages or mortgage indentures or deeds of trusts securing notes, bonds, or other credit instruments;
(c) the terms **[“mortgage”]** *“mortgagee”, “mortgagor”,* and “State” have the same meaning as in section 207 of this Act;
(d) the term “improvements” means waterlines and water supply installations, sewerlines and **[sewerage disposal installations,]** *sewage disposal installations, steam, gas, and electric lines and installations,* roads, streets, curbs, gutters, sidewalks, storm drainage facilities, and other installations or work, whether on or off the site, which the Commissioner deems necessary or desirable to prepare land primarily for residential and related uses or to

provide facilities for public or common use[; but such term]. *Related uses may include industrial uses, with sites for such uses to be in proper proportion to the size and scope of the development. The term “improvements” shall not include any building unless it is (1) a building which is needed in connection with a water supply or sewage disposal installation, or a steam, gas, or electric line or installation, or (2) a building, other than a school, which is to be owned and maintained jointly by the property owners; and*

(e) the term “land development” means the process of making, installing, or constructing improvements.

BASIC CONDITIONS FOR INSURANCE

SEC. 1002. (a) * * *

* * * * *

(c) The principal obligation of the mortgage shall (1) not exceed 75 per centum of the Commissioner’s estimate of the value of the property upon completion of the land development, and (2) not exceed the sum of 50 per centum of the Commissioner’s estimate of the value of the land before development and 90 per centum of his estimate of the cost of such development. The outstanding principal obligations of mortgages involving a single land development undertaking, as defined by the Commissioner, shall at no time exceed **[\$10,000,000]** *\$25,000,000.*

(d) The mortgage shall—

(1) **[have a maturity not to exceed seven years or such longer maturity as the Commissioner deems reasonable in the case of a privately owned system for water or sewerage, and contain repayment provisions satisfactory to the Commissioner]** *contain repayment provisions satisfactory to the Secretary and have a maturity not to exceed seven years, or such longer maturity as the Secretary deems reasonable (A) in the case of a privately owned system for water or sewerage, and (B) in the case of a new community approved under section 1004;*

(2) bear interest at a rate satisfactory to the Commissioner, and such interest shall be exclusive of premium charges for mortgage insurance and such service charges and fees as may be approved by the Commissioner; and

(3) contain such terms and provisions with respect to protection of the security, payment of taxes, delinquency charges, prepayment, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

* * * * *

NEW COMMUNITIES

SEC. 1004. (a) *New communities consisting of developments, satisfying all other requirements under this title, may be approved under this section by the Secretary for mortgage insurance if they meet the requirements of subsection (b) of this section.*

(b) *A development shall be eligible for approval as a new community if the Secretary determines it will, in view of its size and scope, make a*

substantial contribution to the sound and economic growth of the area within which it is located in the form of—

(1) substantial economies, made possible through large-scale development, in the provision of improved residential sites;

(2) adequate housing to be provided for those who would be employed in the community or the surrounding area;

(3) maximum accessibility from the new residential sites to industrial or other employment centers and commercial, recreational, and cultural facilities in or near the community; and

(4) maximum accessibility to any major central city in the area.

SEC. [1004] 1005. The Commissioner shall adopt such requirements as he deems necessary in land development covered by mortgages insured under this title to encourage the maintenance of a diversified local homebuilding industry, broad participation by builders, particularly small builders, and the inclusion of a proper balance of housing for families of moderate or low income.

WATER AND SEWERAGE FACILITIES

[SEC. 1005. After development of the land it shall be served by public systems for water and sewerage which are consistent with other existing or prospective systems within the area, except that the Commissioner may approve an adequate privately or cooperatively owned system which will be regulated in a manner acceptable to him with respect to user rates and charges, capital structure, methods of operation, rate of return, and conditions and terms of any sale or transfer.]

SEC. 1006. After development of the land it shall be served by public systems for water and sewerage which are consistent with other existing or prospective systems within the area, except that—

(a) in the case of systems for water, the land may be served by privately or cooperatively owned systems which are consistent with other existing or prospective systems within the area; are approved as adequate by the Secretary; and are regulated in a manner acceptable to him with respect to user rates and charges, capital structure, methods of operation, rate of return, and conditions and terms of any sale or transfer; and

(b) in the case of systems for sewerage, the land may be served by—

(1) existing privately or cooperatively owned systems (including reasonable extensions thereto) which are approved as adequate by the Secretary and are regulated in a manner acceptable to him; or

(2) if it is necessary to develop a new system and the Secretary determines that public ownership of such a system is not feasible, an adequate privately or cooperatively owned new system (A) which he finds consistent with other existing or prospective systems within the area, (B) which will be regulated, during the period of such ownership, in a manner acceptable to him with respect to user rates and charges, capital structure, methods of operation, and rate of return, and (C) regarding which he receives assurances, satisfactory to him, with respect to eventual public ownership and operation of the system and with respect to the conditions and terms of any sale or transfer.

RELEASES

SEC. [1006] 1007. * * *

PREMIUMS AND FEES

SEC. [1007] 1008. * * *

INSURANCE BENEFITS

SEC. [1008] 1009. * * *

INCONTESTABILITY PROVISIONS

SEC. [1009] 1010. * * *

RULES AND REGULATIONS

SEC. [1010] 1011. * * *

TAXATION PROVISIONS

SEC. [1011] 1012. * * *

COST CERTIFICATION

SEC. [1012] 1013. * * *

TITLE XI—MORTGAGE INSURANCE FOR GROUP PRACTICE FACILITIES

INSURANCE OF MORTGAGES

SEC. 1101. (a) *The Secretary is authorized (1) to insure mortgages (including advances on such mortgages during construction), upon such terms and conditions as he may prescribe, in accordance with the provisions of this title, and (2) to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon. No mortgage shall be insured under this title after October 1, 1969, except pursuant to a commitment to insure issued before that date.*

(b) *To be eligible for insurance under this title, the mortgage shall (1) be executed by a mortgagor that is a group practice unit or organization, approved by the Secretary, (2) be made to and held by a mortgagee approved by the Secretary as responsible and able to service the mortgage properly, and (3) cover a property or project which is approved for mortgage insurance prior to the beginning of construction or rehabilitation and is designed for use as a group practice facility which the Secretary finds will be constructed in an economical manner, will not be of elaborate or extravagant design or materials, and will be adequate and suitable for carrying out the purposes of this title. No mortgage shall be insured under this title unless it is shown to the satisfaction of the Secretary that the applicant would be unable to obtain the mortgage loan without such insurance on terms comparable to those specified in subsection (c).*

(c) *The mortgage shall—*

(1) *not exceed \$5,000,000;*

(2) *not exceed 90 per centum of the amount which the Secretary estimates will be the value of the property or project when construction*

or rehabilitation is completed. The value of the property may include the land and the proposed physical improvements, equipment, utilities within the boundaries of the property, architects' fees, taxes, and interest accruing during construction or rehabilitation, and other miscellaneous charges incident to construction or rehabilitation and approved by the Secretary;

(3) have a maturity satisfactory to the Secretary but not to exceed twenty-five years, and provide for complete amortization of the principal obligation by periodic payments within such term as the Secretary shall prescribe; and

(4) bear interest (exclusive of premium charges for insurance, and service charges if any) at a rate of not to exceed 5 per centum per annum of the amount of the principal obligation outstanding at any time, or not to exceed such rate (not in excess of 6 per centum per annum) as the Secretary finds necessary to meet the mortgage market.

(d) Any contract of insurance executed by the Secretary under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract for insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

(e) Each mortgage insured under this title shall contain an undertaking (in accordance with regulations prescribed under this title and in force at the time the mortgage is approved for insurance) to the effect that, except as authorized by the Secretary and the mortgages, the property will be used as a group practice facility until the mortgage has been paid in full or the contract of insurance otherwise terminated.

(f) No mortgage shall be insured under this title unless the mortgagor and the mortgagee certify (1) that they will keep such records relating to the mortgage transaction and indebtedness, to the construction of the facility covered by the mortgage, and to the use of such facility as a group practice facility as are prescribed by the Secretary at the time of such certification, (2) that they will make such reports as may from time to time be required by the Secretary pertaining to such matters, and (3) that the Secretary shall have access to and the right to examine and audit such records.

PREMIUMS

SEC. 1102. The Secretary shall fix premium charges for the insurance of mortgages under this title, but such charges shall not be more than 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. In addition to the premium charge, the Secretary is authorized to charge and collect such amounts as he may deem reasonable for the analysis of a proposed project and the appraisal and inspection of the property and improvements. Where the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the Secretary is authorized to require the payment by the mortgagee of an adjusted premium charge. This charge shall be in such amount as the Secretary determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured until the maturity date. Where such prepayment occurs, the Secretary is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine

to be equitable, of the current unearned premium charges theretofore paid. Premium charges fixed under this section shall be payable by the mortgagee either in cash, or in debentures which are the obligation of the General Insurance Fund at par plus accrued interest, at such times and in such manner as may be prescribed by the Secretary.

PAYMENT OF INSURANCE BENEFITS

SEC. 1103. The mortgagee shall be entitled to receive the benefits of the insurance under this title in the manner provided in subsection (g) of section 207 with respect to mortgages insured under that section. For such purpose the provisions of subsections (g), (h), (i), (j), (k), (l), and (n) of section 207 shall apply to mortgages insured under this title and all references in such subsections to section 207 shall be deemed to refer to this title.

REGULATIONS

SEC. 1104. The Secretary shall prescribe such regulations as may be necessary to carry out this title, after consulting with the Secretary of Health, Education, and Welfare with respect to any health or medical aspects of the program under this title which may be involved in such regulations.

ADMINISTRATION

SEC. 1105. (a) At the request of individuals or organizations operating or contemplating the operation of group practice facilities (as defined in section 1106(1)), the Secretary may provide or obtain technical assistance in the planning for and construction of such facilities.

(b) With a view to avoiding unnecessary duplication of existing staffs and facilities of the Federal Government, the Secretary is authorized to utilize available services and facilities of any agency of the Federal Government in carrying out the provisions of this title, and to pay for such services and facilities, either in advance or by way of reimbursement, in accordance with an agreement between the Secretary and the head of such agency.

DEFINITIONS

SEC. 1106. For the purposes of this title—

(1) The term "group practice facility" means a facility in a State for the provision of preventive, diagnostic, and treatment services to ambulatory patients (in which patient care is under the professional supervision of persons licensed to practice medicine or surgery in the State or, in the case of optometric care or treatment, is under the professional supervision of persons licensed to practice optometry in the State, or, in the case of dental diagnosis or treatment, is under the professional supervision of persons licensed to practice dentistry in the State) and which is primarily for the provision of such health services by a medical or dental group.

(2) The term "medical or dental group" means a partnership or other association or group of persons licensed to practice medicine or surgery in the State, or of persons licensed to practice optometry in the State, or of persons licensed to practice dentistry in the State, or of any combination of such persons, who, as their principal professional activity and as a group responsibility, engage or undertake to engage in the coordinated practice of their profession primarily in one or more group practice facilities, and who (in this connection) share common overhead expenses (if and to the extent such expenses are paid by members of the group),

medical and other records, and substantial portions of the equipment and the professional, technical, and administrative staffs, and which partnership or association or group is composed of at least such professional personnel and makes available at least such health services as may be provided in regulations prescribed under this title.

(3) The term "group practice unit or organization" means—

(A) a private nonprofit agency or organization undertaking to provide, directly or through arrangements with a medical or dental group, comprehensive medical care, optometric care, or dental care, or any combination thereof, which may include hospitalization, to members or subscribers primarily on a group practice prepayments basis;

(B) a private nonprofit agency or organization established for the purpose of improving the availability of medical, optometric, or dental care in the community or having some function or functions related to the provision of such care, which will, through lease or other arrangement, make the group practice facility with respect to which assistance has been requested under this title available to a medical or dental group for use by it; or

(C) a medical or dental group.

(4) The term "nonprofit organization" means a corporation, association, foundation, trust, or other organization no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual except, in the case of an organization the purposes of which include the provision of personal health services to its members or subscribers or their dependents under a plan of such organization for the provision of such services to them (which plan may include the provision of other services or insurance benefits to them), through the provision of such health services (or such other services or insurance benefits) to such members or subscribers or dependents under such plan.

(5) The term "State" includes the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the District of Columbia.

(6) The term "mortgage" means a first mortgage on real estate in fee simple, or on the interest of either the lessor or lessee thereof (A) under a lease for not less than ninety-nine years which is renewable, or (B) under a lease having a period of not less than fifty years to run from the date the mortgage was executed. The term "first mortgage" means such classes of first liens as are commonly given to secure advances (including but not limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and any mortgage may be in the form of one or more trust mortgages or mortgage indentures or deeds of trust, securing notes, bonds, or other credit instruments, and, by the same instrument or by a separate instrument, may create a security interest in initial equipment, whether or not attached to the realty.

(7) The term "mortgagee" means the original lender under a mortgage, and his or its successors and assigns, and includes the holders of credit instruments issued under a trust mortgage or deed of trust pursuant to which such holders act by and through a trustee named therein.

(8) The term "mortgagor" means the original borrower under a mortgage and his or its successors and assigns.

UNITED STATES HOUSING ACT OF 1937

[Public Law 412, 75th Congress, 50 Stat. 888; 42 U.S.C. 1401 et seq.]

* * * * *

SEC. 16. In order to protect labor standards—

(1) * * *

(2) Any contract for loans, annual contributions, capital grants, sale, or lease pursuant to this Act shall contain a provision requiring that not less than the salaries or wages prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Authority, shall be paid to all architects, technical engineers, draftsmen, and technicians, employed in the development and to all maintenance laborers and mechanics employed in the administration of the low-rent housing or slum-clearance project involved; and shall also contain a provision that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (49 Stat. 1011), shall be paid to all laborers and mechanics employed in the development of the project involved (*including a project for the use of privately built housing in any case, other than under the authority of section 23 of the Act, where the public housing agency and the builder or sponsor enter into an agreement for such use before construction is commenced*), and that each such laborer or mechanic shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be; and the Authority shall require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract.

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LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

SEC. 23. * * *

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(d) To the extent of contracts for annual contributions entered into by the Authority with a public housing agency under section 10(e), such agency may enter into contracts with the owners of structures containing dwelling units approved under subsection (c) for the use of such units in accordance with this section. Each such contract with an owner shall provide (with respect to any unit) that—

(1) the selection of tenants for such unit shall be the function of the owner, subject to the provisions of the contract between the Authority and the agency;

(2) the rental and other charges to be received by the owner shall be negotiated and agreed to by the agency and the owner, and the rental and other charges to be paid by the tenant shall be determined in accordance with the standards applicable to units in low-rent housing projects assisted under the other provisions of this Act;

(3) the agency shall have the sole right to give notice to vacate, with the owner having the right to make representations to the agency for termination of a tenancy;

(4) maintenance and replacements (including redecoration) shall be in accordance with the standard practice for the building

concerned, as established by the owner and agreed to by the agency; and

(5) the agency and the owner shall carry out such other appropriate terms and conditions as may be mutually agreed to by them.

Each contract between a public housing agency and an owner entered into under this subsection shall be for a term of not less than twelve months nor more than thirty-six months (*except that it may be for a term of up to sixty months in any case in which the public housing agency determines that the housing to be leased thereunder is needed for displaced families*), and shall be renewable by such agency and owner at the expiration of such term.

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HOUSING ACT OF 1949

[Public Law 171, 81st Congress; 63 Stat. 413; 42 U.S.C. 1441 (1946 ed., Supp. III)]

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TITLE I—SLUM CLEARANCE AND URBAN RENEWAL

* * * * *

CAPITAL GRANTS

SEC. 103. (a) * * *

(b) The Administrator may, with the approval of the President, contract to make grants under this title aggregating not to exceed \$4,700,000,000, which amount shall be increased by \$675,000,000 on the date of the enactment of the Housing and Urban Development Act of 1965, by \$725,000,000 on July 1, 1966, and by \$750,000,000 on July 1 in each of the years 1967 and 1968.

In addition to the authority to make grants provided in the first sentence of this subsection, the Secretary may contract to make grants under this title, on or after July 1, 1967, in an amount not to exceed \$250,000,000: Provided, That the authority to contract to make grants provided by this sentence shall be exercised only with respect to an urban renewal project which is identified and scheduled to be carried out as one of the projects or activities included within an approved comprehensive city demonstration program assisted under the provisions of section 105(c) of the Demonstration Cities and Metropolitan Development Act of 1966.

Such grants shall not be used for major long-term capital improvement; shall not exceed two-thirds of the cost, as determined or estimated by the Administrator of the project for which the grant is made; and shall be subject to such other terms and conditions as he may prescribe. The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advance or progress payments on account of any grant contracted to be made pursuant to this section. The faith of the United States is solemnly pledged to the payment of all grants contracted for under this title, and there are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments: *Provided, That any amounts so appropriated shall also be available for repaying to the Secretary of the Treasury, for application to notes of the Administrator the principal amounts of any funds advanced to local public agencies*

under this title which the Administrator determines to be uncollectible because of the termination of activities for which such advances were made, together with the interest paid or accrued to the Secretary (as determined by him) attributable to notes given by the Administrator in connection with such advances, but all such repayments shall constitute a charge against the authorization to make contracts for grants contained in this section: *Provided further*, That no such determination of the Administrator shall be construed to prejudice the rights of the United States with respect to any such advance.

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LOCAL DETERMINATIONS

SEC. 105. Contracts for loans or capital grants shall be made only with a duly authorized local public agency and shall require that—

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(f) *All laborers and mechanics employed by contractors or subcontractors in the construction of any multifamily housing (as defined for purposes of this subsection by the Secretary of Housing and Urban Development or his designee) which may be involved in the redevelopment of the urban renewal area, and which is not subject to the provisions of section 212 of the National Housing Act or to other provisions of Federal law imposing similar standards, will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). No contract for loan or capital grant shall be entered into under this title with respect to an urban renewal area whose redevelopment will involve the construction of such housing without first obtaining adequate assurance that the labor standards imposed by the preceding sentence (or, in the case of housing which is subject to the provisions of section 212 of the National Housing Act or to other provisions of Federal law imposing similar standards, the labor standards imposed by such provisions) will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this subsection, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 132z-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c).*

GENERAL PROVISIONS

SEC. 106. (a) * * *

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[(d) Section 3709, as amended, of the Revised Statutes shall not apply to any contract for services or supplies on account of any property acquired pursuant to this title if the amount of such contract does not exceed \$1,000.]

* * * * *

DEFINITIONS

SEC. 110. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

(a) “Urban renewal area” means a slum area or a blighted, deteriorated, or deteriorating area in the locality involved which the Administrator approves as appropriate for an urban renewal project.

(b) "Urban renewal plan" means a plan, as it exists from time to time, for an urban renewal project, which plan (1) shall conform to the general plan of the locality as a whole and to the workable program referred to in section 101 hereof and shall be consistent with definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements; and (2) shall be sufficiently complete to indicate, to the extent required by the Administrator for the making of loans and grants under this title, such land acquisition, *historic and architectural preservation*, demolition and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the urban renewal area, zoning and planning changes, if any, land uses, maximum densities, and building requirements.

(c) "Urban renewal project" or "project" may include undertakings and activities of a local public agency in an urban renewal area for the elimination and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof, in accordance with such urban renewal plan. Such undertakings and activities may include—

(1) acquisition of (i) a slum area or a deteriorated or deteriorating area, or (ii) land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community, or (iii) open land necessary for sound community growth which is to be developed for predominantly residential uses, or (iv) air rights in an area consisting principally of land in highways, railway or subway tracks, bridge or tunnel entrances, or other similar facilities which have a blighting influence on the surrounding area and over which air rights sites are to be developed for the elimination of such blighting influences and for the provision of housing (and related facilities and uses) designed specifically for, and limited to, families and individuals of low or moderate income *or, if the area is found by the local public agency to be unsuitable for use for low or moderate income housing, for use for industrial development: Provided, That the requirement in paragraph (a) of this section that the area be a slum area or a blighted, deteriorated or deteriorating area shall not be applicable in the case of projects under clauses (iii) and (iv) hereof: Provided further, That the aggregate amount of capital grants for projects under clause (iv) shall not exceed 5 per centum of the aggregate amount of grants authorized by this title to be contracted for after the date of enactment of the Housing Act of 1964;*

(2) demolition and removal of buildings and improvements;

(3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the urban renewal area the urban renewal objectives of this title in accordance with the urban renewal plan;

(4) disposition of any property acquired in the urban renewal area (including sale, leasing or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan or as provided in section 107;

(5) carrying out plans for programs of code enforcement or voluntary repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan.

(6) acquisition of any other real property in the urban renewal area where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or otherwise to remove or prevent the spread of blight or deterioration, *to promote historic, and architectural preservation*, or to provide land for needed public facilities;

(7) construction of foundations and platforms necessary for the provision on air rights sites of housing (and related facilities and uses) designed specifically for, and limited to, families and individuals of low or moderate income, *or construction of foundations and platforms necessary for the provision of air rights sites for industrial development*;

(8) acquisition and repair or rehabilitation for guidance purposes, and resale by the local public agency, of structures which are located in the urban renewal area and which, under the urban renewal plan, are to be repaired or rehabilitated for dwelling use or related facilities: *Provided*, That the local public agency shall not acquire for such purposes, in any urban renewal area, structures which contain or will contain more than (A) one hundred dwelling units, or (B) 5 per centum of the total number of dwelling units in such area which, under the urban renewal plan, are to be repaired or rehabilitated, whichever is the lesser; **[and]**

[(9) relocating within the project area a structure which the local public agency determines to be of historic value and which will be disposed of to a public body or a private nonprofit organization which will renovate and maintain such structure for historic purposes.]

(9) *relocation within or outside the project area of structures which will be restored and maintained for architectural or historic purposes; and*

(10) *restoration of acquired properties of historic or architectural value.*

Notwithstanding any other provision of this title, (A) no contract shall be entered into for any loan or capital grant under this title for any project which provides for demolition and removal of buildings and improvements unless the Administrator determines that the objectives of the urban renewal plan could not be achieved through rehabilitation of the project area, and (B) not less than 10 per centum of the aggregate amount of (i) grants authorized to be contracted for under this title by the Housing and Urban Development Act of 1965 and subsequent Acts, and (ii) loans authorized to be made under section 312 of the Housing Act of 1964, shall be available for projects assisted with such grants or loans which involve primarily code enforcement and rehabilitation.

For the purposes of this title, the term "project" shall not include (except as provided in paragraphs (7), (8), and (9) above) the construction or improvement of any building, and the term "redevelopment" and derivatives thereof shall mean development as well as redevelopment. For any of the purposes of section 109 hereof, the term "project" shall not include any donations or provisions made as local grants-in-aid and eligible as such pursuant to clauses (2) and (3) of section 110(d) hereof.

Financial assistance shall not be extended under this title with respect to any urban renewal area which is not predominantly residential in character and which, under the urban renewal plan therefore, is not to be redeveloped for predominantly residential uses: *Provided*, That,

if the governing body of the local public agency determines that the redevelopment of such an area for predominantly nonresidential uses is necessary for the proper development of the community, the Administrator may extend financial assistance under this title for such a project: *Provided further*, That the aggregate amount of capital grants contracted to be made pursuant to this title with respect to such projects after the date of the enactment of the Housing Act of 1959 shall not exceed 30 per centum of the aggregate amount of grants authorized by this title to be contracted for after such date: *And provided further*, That the aggregate amount of capital grants made available under this title with respect to such projects after the date of the enactment of the Housing and Urban Development Act of 1965 may be in an amount not to exceed (in addition to amounts previously available for such projects) 35 per centum of the amount of additional capital grants authorized under this title by such Act.

In addition to all other powers hereunder vested, where land within the purview of clause (1)(ii) or (1)(iii) of the first paragraph of this subsection (whether it be predominantly residential or nonresidential in character) is to be redeveloped for predominantly nonresidential uses, loans and advances under this title may be extended therefor if the governing body of the local public agency determines that such redevelopment for predominantly nonresidential uses is necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives and to afford maximum opportunity for the redevelopment of the project area by private enterprise: *Provided*, That loans and outstanding advances to any local public agency pursuant to the authorization of this sentence shall not exceed 2½ per centum of the estimated gross project costs of the projects undertaken under other contracts with such local public agency pursuant to this title.

(d) "Local grants-in-aid" shall mean assistance by a State, municipality, or other public body, or (in the case of cash grants or donations of land or other real property) any other entity, in connection with any project on which a contract for capital grant has been made under this title, in the form of (1) cash grants to defray expenditures within the purview of section 110(e)(1) hereof; (2) donations, at cash value, of land or other real property (exclusive of land in streets, alleys, and other public rights-of-way which may be vacated in connection with the project, or of air rights over streets, alleys, and other public rights-of-way) in the urban renewal area, and demolition, removal, or other work or improvements in the urban renewal area, at the cost thereof, of the types described in [clause (2) and clause (3)] clauses (2), (3), (9), and (10) of the second sentence of section 110(c); and (3) the provision, at their cost, of public buildings or other public facilities (other than publicly owned housing and revenue producing public utilities the capital cost of which is wholly financed with local bonds or obligations payable solely out of revenues derived from service charges) which are necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan: *Provided*, That in any case where, in the determination of the Administrator, any park, playground, public building, or other public facility is of direct benefit both to the urban renewal area and to other areas, and the approximate degree of the benefit to such other areas is estimated by the Administrator at 20 per centum or more of

the total benefits, the Administrator shall provide that, for the purpose of computing the amount of the local grants-in-aid for the project, there shall be included only such portion of the cost of such facility as the Administrator estimates to be proportionate to the approximate degree of the benefit of such facility to the urban renewal area: *Provided further, That any publicly owned facility, the construction of which was begun not earlier than three years prior to the date of enactment of the Demonstration Cities and Metropolitan Development Act of 1966, shall be deemed to benefit an urban renewal project or projects to the extent of 25 per centum of the total benefits of such facility, if such facility (A) is used, or is to be used, by the public predominately for cultural, exhibition, civic, and municipal purposes; (B) is located within, adjacent to, or in the immediate vicinity of such urban renewal project or projects; (C) is found to contribute materially to the objectives of the urban renewal plan or plans for such project or projects; and (D) is not otherwise eligible as a local grant-in-aid:*

And provided further, That for the purpose of computing the amount of local grants-in-aid under this section 110(d) with respect to any project covered by a Federal-aid contract under this title, the estimated cost (as determined by the Administrator) of parks, playgrounds, public buildings, or other public facilities may be deemed to be the actual cost thereof if (i) the construction or provision thereof is not completed at the time of final disposition of land in the project to be acquired and disposed of under the urban renewal plan, and (ii) the Administrator has received assurance satisfactory to him that such park, playground, public building, or other public facility will be constructed or completed when needed and within a time prescribed by him: And provided further, That in any case where a public facility furnished as a local grant-in-aid is financed in whole or in part by special assessments against real property in the project area acquired by the local public agency as part of the project, an amount equal to the total special assessments against such real property (or, in the case of a computation pursuant to the proviso immediately preceding, the estimated amount of such total special assessments) shall be deducted from the cost of such facility for the purpose of computing the amount of the local grants-in-aid for the project. With respect to any demolition or removal work, improvement or facility for which a State, municipality, or other public body has received or has contracted to receive any grant or subsidy from the United States, or any agency or instrumentality thereof, the portion of the cost thereof defrayed or estimated by the Administrator to be defrayed with such subsidy or grant shall not be eligible for inclusion as a local grant-in-aid.

Notwithstanding any other provision of this subsection, no donation or provision of a public improvement or public facility of a type falling within the purview of this subsection shall be deemed to be ineligible as a local grant-in-aid for any project solely on the basis that the construction of such improvement or facility was commenced without notification to the Administrator or prior to Federal recognition of such project, if such construction was commenced not more than three years prior to the authorization by the Administrator of a contract for loan or capital grant for the project.

Where a project in any municipality includes an area affected by an underground mine fire or by a coal mine subsidence and where it is necessary in such project to remove any underlying coal deposits in

order to stabilize the soil or to control the underground mine fire, then any royalties received by the project from the removal and sale of such coal deposits shall be credited to the project as a local grant-in-aid made by such municipality.

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TITLE V—FARM HOUSING

SEC. 501. (a) The Secretary of Agriculture (hereinafter referred to as the "Secretary") is authorized, subject to the terms and conditions of this title, to extend financial assistance, through the Farmers Home Administration, (1) to owners of farms in the United States and in Puerto Rico and the Virgin Islands, to enable them to construct, improve, alter, repair, or replace dwellings and other farm buildings on their farms, and to purchase [previously occupied] buildings and land constituting a minimum adequate site, in order to provide them, their tenants, lessees, share croppers, and laborers with decent, safe, and sanitary living conditions and adequate farm buildings as specified in this title, and (2) to owners of other real estate in rural areas for the construction, improvement, alteration, or repair of dwellings, related facilities, and farm buildings and to rural residents for such purposes and for the purchase of [previously occupied] buildings and the purchase of land constituting a minimum adequate site, in order to enable them to provide dwelling and related facilities for their own use and buildings adequate for their farming operations, and (3) to elderly persons who are or will be the owners of land in rural areas for the construction, improvement, alteration, or repair of dwellings and related facilities, the purchase of [previously occupied] dwellings and related facilities and the purchase of land constituting a minimum adequate site, in order to provide them with adequate dwellings and related facilities for their own use.

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LOANS FOR HOUSING AND BUILDINGS ON ADEQUATE FARMS

SEC. 502. (a) If the Secretary determines that an applicant is eligible for assistance as provided in section 501 and that the applicant has the ability to repay in full the sum to be loaned, with interest, giving due consideration to the income and earning capacity of the applicant and his family from the farm and other sources, and the maintenance of a reasonable standard of living for the owner and the occupants of said farm, a loan may be made by the Secretary to said applicant for a period of not to exceed thirty-three years from the making of the loan with interest, in the case of applicants described in clauses (1) and (2) of section 501(a), at a rate not to exceed 5 per centum per annum on the unpaid balance of principal, and, in the case of applicants described in clause (3) of section 501(a) and applicants under sections 503 and 504, at a rate not to exceed 4 per centum per annum on such unpaid balance. Loans made or insured under this title shall be conditioned on the borrower paying such fees and other charges as the Secretary may require. [In cases of applicants who are elderly persons, the] *The* Secretary may accept the personal liability of any person with adequate repayment ability who will cosign the applicant's note to compensate for any deficiency in the applicant's repayment ability.

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OTHER SPECIAL LOANS AND GRANTS FOR MINOR IMPROVEMENTS
TO FARM HOUSING AND BUILDINGS

SEC. 504. (a) In the event the Secretary determines that an eligible applicant cannot qualify for a loan under the provisions of sections 502 and 503 and that repairs or improvements should be made to a farm dwelling occupied by him, in order to make such dwelling safe and sanitary and remove hazards to the health of the occupant, his family, or the community, and that repairs should be made to farm buildings in order to remove hazards and make such buildings safe, the Secretary may make a grant or a combined loan and grant, to the applicant to cover the cost of improvements or additions, such as repairing roofs, providing toilet facilities, providing a convenient and sanitary water supply, supplying screens, repairing or providing structural supports, or making other similar repairs or improvements. No assistance shall be extended to any one individual under this subsection in the form of a loan, grant or combined loan and grant in excess of **[\$1,000]** \$1,500. Any portion of the sums advanced to the borrower treated as a loan shall be secured and be repayable in accordance with the principles and conditions set forth in this title. Sums made available by grant may be made subject to the conditions set out in this title for the protection of the Government with respect to contributions made on loans by the Secretary.

(b) In order to encourage adequate family-size farms the Secretary may make loans under this section and section 503 to any applicant whose farm needs enlargement or development in order to provide income sufficient to support decent, safe, and sanitary housing and other farm buildings, and may use the funds made available under clause (b) of section 513 for such purposes.

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DIRECT AND INSURED LOANS TO PROVIDE HOUSING AND RELATED
FACILITIES FOR ELDERLY PERSONS AND FAMILIES IN RURAL AREAS

SEC. 515. (a) The Secretary is authorized to make loans to private nonprofit corporations and consumer cooperatives to provide rental or cooperative housing and related facilities for elderly persons and elderly families of low or moderate income or other persons and families of low income in rural areas, in accordance with terms and conditions substantially identical with those specified in section 502; except that—

- (1) no such loan shall exceed the development cost or the value of the security, whichever is less;
- (2) such loans shall bear interest at rates determined by the Secretary, not to exceed the maximum rate provided in section 202(a)(3) of the Housing Act of 1959; and
- (3) such a loan may be made for a period of up to fifty years from the making of the loan.

There is authorized to be appropriated not to exceed \$50,000,000, which shall constitute a revolving fund to be used by the Secretary in carrying out this subsection.

(b) The Secretary is authorized to insure and make commitments to insure loans made to any individual, corporation, association, trust, or partnership to provide rental or cooperative housing and related facilities for elderly persons and elderly families or other persons and families of moderate income in rural areas, in accordance with terms

and conditions substantially identical with those specified in section 502; except that—

(1) no such loan shall exceed \$300,000 or the development cost or the value of the security, whichever is least;

(2) such loans shall bear interest at rates determined by the Secretary, not to exceed the maximum rate provided in section 203(b)(5) of the National Housing Act;

(3) provide for complete amortization by periodic payments within such term as the Secretary may prescribe;

(4) for insuring such loans, the Secretary shall utilize the Agricultural Credit Insurance Fund subject to all the provisions of section 309 and the second and third sentences of section 308 of the Consolidated Farmers Home Administration Act of 1961, including the authority in section 309(f)(1) of that Act to utilize the insurance fund to make, sell, and insure loans which could be insured under this subsection; but the aggregate of the principal amounts of such loans made by the Secretary and not disposed of shall not exceed \$10,000,000 outstanding at any one time; and the Secretary may take liens running to the United States though the notes may be held by other lenders; and

(5) no loan shall be insured under this subsection after October 1, 1969.

(c) No loans shall be made or insured under subsection (a) or (b) unless the Secretary finds that the construction involved will be undertaken in an economical manner and will not be of elaborate or extravagant design or materials.

(d) As used in this section—

(1) the term “housing” means new or existing housing suitable for dwelling use by [elderly persons or elderly families] *occupants eligible under this section*;

(2) the term “related facilities” includes cafeterias or dining halls, community rooms or buildings, appropriate recreation facilities, and other essential service facilities;

(3) the term “elderly persons” means persons who are 62 years of age or over; and the term “elderly families” means families the head of which (or his spouse) is 62 years of age or over; and

(4) the term “development cost” means the costs of constructing, purchasing, improving, altering, or repairing new or existing housing and related facilities and purchasing and improving the necessary land, including necessary and appropriate fees and charges approved by the Secretary. *Such fees and charges may include payments to qualified consulting organizations or foundations which operate on a nonprofit basis and which render services or assistance to nonprofit corporations or consumer cooperatives who provide housing and related facilities.*

(e) Amounts made available pursuant to section 513 of this Act shall be available for administrative expenses incurred under this section.

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INSURED RURAL HOUSING LOANS

SEC. 517. (a) The Secretary may insure loans meeting the requirements of section 502, and may make loans in accordance with the re-

quirements of such section to be sold and insured; except that such loans shall—

(1) if the borrowers are persons of low or moderate income (as defined by the Secretary), (A) not exceed amounts necessary to provide adequate housing, modest in size, design, and cost (as determined by the Secretary, and (B) bear interest at a rate not to exceed 5 per centum per annum[, and (C) not exceed in the aggregate \$300,000,000 of new loans made or insured in any one fiscal year; and]; *but no loan under this paragraph shall be insured or made after October 1, 1969, except pursuant to a commitment entered into before that date; and*

(2) if the borrowers are persons other than those described in clause (1), bear interest and provide for insurance or service charges at rates comparable to the combined rate of interest and premium charges in effect under section 203 of the National Housing Act, as determined by the Secretary.

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HOUSING ACT OF 1950

[Public Law 475, 81st Congress, 64 Stat. 48, 77, 12 U.S.C. 1749]

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TITLE IV—HOUSING FOR EDUCATIONAL INSTITUTIONS

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DEFINITIONS

SEC. 404. For the purposes of this title, the following terms shall have the meanings, respectively, ascribed to them below:

(a) "Housing" means (1) new structures suitable for dwelling use, including single-room dormitories and apartments, and (2) dwelling facilities provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for the proposed dwelling use.

(b) "Educational institution" means (1)(A) any educational institution which offers, or provides satisfactory assurance to the Administrator that it will offer within a reasonable time after completion of a facility for which assistance is requested under this title, at least a two-year program acceptable for full credit toward a baccalaureate degree (including any public educational institution, or any private educational institution no part of the net earnings of which inures to the benefit of any private shareholder or individual), or (B) any public educational institution which (i) is administered by a college or university which is accredited by a nationally recognized accrediting agency or association, (ii) offers technical or vocational instruction, and (iii) provides residential facilities for some or all of the students receiving such instruction, (2) any hospital operating a school of nursing beyond the level of high school approved by the appropriate State authority, or any hospital approved for internships by recognized authority, if such hospital is either a public hospital or a private hospital, no part of the net earnings of which inures to the benefit of any private shareholder or individual, (3) any corporation (no part of the net earnings of which inures to the benefit of any private shareholder or individual) (A) established for the sole purpose of providing housing or other educational facilities for students or

students and faculty of one or more institutions included in clause (1) of this subsection without regard to their membership in or affiliation with any social, fraternal, or honorary society or organization, and (B) upon dissolution of which all title to any property purchased or built from the proceeds of any loan secured under this title will pass to such institution (or to any one or more of such institutions) unless it is shown to the satisfaction of the Administrator that such property or the proceeds from its sale will be used for some other nonprofit educational purpose, (4) any agency, public authority, or other instrumentality of any State established for the purpose of providing or financing housing or other educational facilities for students or faculty of any [public] educational institution included in clause (1) of this subsection, but nothing herein contained shall require an institution included in clause (1) of this subsection to obtain loans through any instrumentality included in this clause of this subsection, and (5) any nonprofit student housing cooperative corporation established for the purpose of providing housing for students or students and faculty of any institution included in clause (1) of this subsection.

In the case of any loan made under section 401 to a corporation described in clause (3) of this subsection which was not established by the institution or institutions for whose students or students and faculty it would provide housing, or to a student housing cooperative corporation described in clause (5) of this subsection, the Administrator shall require that the note securing such loan be cosigned by such institution (or by any one or more of such institutions: *Provided*, That where the law of any State in effect on the date of enactment of the Housing Act of 1964 prevents the institution or institutions, for whose students or students and faculty the housing is to be provided, from cosigning the note, the Administrator shall require the corporation and the proposed project to be approved by such institution (or by any one or more of such institutions) in lieu of such cosigning.

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HOUSING ACT OF 1954

[Public Law 560, 83rd Congress]

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TITLE VII—URBAN PLANNING AND RESERVE OF PLANNED PUBLIC WORKS

URBAN PLANNING

SEC. 701. (a) In order to assist State and local governments in solving planning problems resulting from the increasing concentration of population in metropolitan and other urban areas, including smaller communities; to facilitate comprehensive planning for urban development, including coordinated transportation systems, on a continuing basis by such governments; and to encourage such governments to establish and improve planning staffs, the Administrator is authorized to make planning grants to—

(1) State planning agencies, or (in States where no such planning agency exists) to agencies or instrumentalities of State government designated by the Governor of the State and accept-

able to the Administrator as capable of carrying out the planning functions contemplated by this section, for the provision of planning assistance to (A) cities and other municipalities having a population of less than 50,000 according to the latest decennial census, and counties without regard to population: *Provided*, That grants shall be made under this paragraph for planning assistance to counties having a population of 50,000 or more, according to the latest decennial census, which are within metropolitan areas, only if (i) the Administrator finds that planning and plans for such county will be coordinated with the program of comprehensive planning, if any, which is being carried out for the metropolitan area of which the county is a part, and (ii) the aggregate amount of the grants made subject to this proviso does not exceed 15 per centum of the aggregate amount appropriated, after the date of enactment of the Housing Act of 1964, for the purposes of this section, (B) any group of adjacent communities, either incorporated or unincorporated, having a total population of less than 50,000 according to the latest decennial census and having common or related urban planning problems, (C) cities, other municipalities, and counties, referred to in paragraph (3) of this subsection and areas referred to in paragraph (4) of this subsection, and (D) Indian reservations;

(2) official State, metropolitan, and regional planning agencies, or other agencies and instrumentalities designated by the Governor (or Governors in the case of interstate planning) and acceptable to the Administrator, empowered under State or local laws or interstate compact to perform metropolitan or regional planning;

(3) cities, other municipalities, and counties which (A) are situated in areas designated by the Secretary of Commerce under section 5 of the Area Redevelopment Act as redevelopment areas or (B) have suffered substantial damage as a result of a catastrophe which the President, pursuant to section 2(a) of "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes" has determined to be a major disaster;

(4) to official governmental planning agencies for areas where rapid urbanization has resulted or is expected to result from the establishment or rapid and substantial expansion of a Federal installation or *for areas where rapid urbanization is expected to result on land developed or to be developed as a new community approved under section 1004 of the National Housing Act*;

(5) State planning agencies for State and interstate comprehensive planning (as defined in subsection (d)) and for research and coordination activity related thereto;

(6) metropolitan and regional planning agencies, with the approval of the State planning agency or (in States where no such planning agency exists) of the Governor of the State, for the provision of planning assistance within the metropolitan area or region to cities, other municipalities, counties, groups of adjacent communities, or Indian reservations described in clauses (A), (B), (C), and (D) of paragraph (1) of this subsection;

(7) to official governmental planning agencies for any area where there has occurred a substantial reduction in employment opportunities as the result of (A) the closing (in whole or in part)

of a Federal installation, or (B) a decline in the volume of Government orders for the procurement of articles or materials produced or manufactured in such area;

(8) tribal planning councils or other tribal bodies designated by the Secretary of the Interior for planning for an Indian reservation to which no State planning agency or other agency or instrumentality is empowered to provide planning assistance under clause (D) of paragraph (1) above; and

(9) the Appalachian Regional Commission, established by the Appalachian Regional Development Act of 1965, for comprehensive planning for the Appalachian region as defined by section 403 of such Act.

Planning assisted under this section shall, to the maximum extent feasible, cover entire urban areas having common or related urban development problems. The Administrator shall encourage cooperation in preparing and carrying out plans among all interested municipalities, political subdivisions, public agencies, and other parties in order to achieve coordinated development of entire areas. To the maximum extent feasible, pertinent plans and studies already made for areas shall be utilized so as to avoid unnecessary repetition of effort and expense. Planning which may be assisted under this section includes the preparation of comprehensive urban transportation surveys, studies, and plans to aid in solving problems of traffic congestion, facilitating the circulation of people and goods in metropolitan and other urban areas and reducing transportation needs. Funds available under this section shall be in addition to and may be used jointly with funds available for planning surveys and investigations under other Federally-aided programs, and nothing contained in this section shall be construed as affecting the authority of the Secretary of Commerce under section 307 of title 23, United States Code.

(b) A planning grant made under this section shall not exceed two-thirds of the estimated cost of the work for which the grant is made: *Provided*, That such a grant may be in an amount not exceeding three-fourths of such estimated cost to an official governmental planning agency for an area described in subsection (a)(7), or for planning being carried out for a city, other municipality, county, group of adjacent communities, or Indian reservation in an area designated by the Secretary of Commerce as a redevelopment area under section 5 of the Area Redevelopment Act, (or under any Act supplementary thereto) to States participating in planning for Appalachian regional programs, for expenses incurred in the course of such planning, or to the Appalachian Regional Commission. All grants made under this section shall be subject to terms and conditions prescribed by the Administrator. No portion of any grant made under this section shall be used for the preparation of plans for specific public works. The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advance or progress payments on account of any grant made under this section. There is hereby authorized to be appropriated not exceeding \$230,000,000, to carry out the purposes of this section and any amounts so appropriated shall remain available until expended: *Provided*, That not to exceed 5 per centum of any funds so appropriated may be used by the Administrator for studies, research, and demonstration projects, undertaken independently or by contract, for the development and improvement of techniques and methods for

comprehensive planning and for the advancement of the purposes of this section, *and for grants to assist in the conduct of studies and research relating to needed revisions in State statutes which create, govern, or control local governments and local governmental operations.*

(c) The Administrator is authorized, in areas embracing several municipalities or other political subdivisions, to encourage planning on a unified metropolitan basis and to provide technical assistance for such planning and the solution of problems relating thereto.

(d) It is the further intent of this section to encourage comprehensive planning, including transportation planning, for States, cities, counties, metropolitan areas, urban regions, and Indian reservations and the establishment and development of the organizational units needed therefor. The Administrator is authorized to provide technical assistance to State and local governments and their agencies and instrumentalities, and to Indian tribal bodies, undertaking such planning and, by contract or otherwise, to make studies and publish information on related problems. In extending financial assistance under this section, the Administrator may require such assurances as he deems adequate that the appropriate State and local agencies are making reasonable progress in the development of the elements of comprehensive planning. Comprehensive planning, as used in this section, includes the following, to the extent directly related to urban needs: (1) preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities, including transportation facilities, together with long-range fiscal plans for such development; (2) programming of capital improvements based on a determination of relative urgency, together with definitive financing plans for the improvements to be constructed in the earlier years of the program; (3) coordination of all related plans of the departments or subdivisions of the government concerned; (4) intergovernmental coordination of all related planned activities among the State and local governmental agencies concerned; and (5) preparation of regulatory and administrative measures in support of the foregoing.

(e) In the exercise of his function of encouraging comprehensive planning by the States, the Administrator shall consult with those officials of the Federal Government responsible for the administration of programs of Federal assistance to the States and municipalities for various categories of public facilities.

(f) The consent of the Congress is hereby given to any two or more States to enter into agreements or compacts, not in conflict with any law of the United States, for cooperative efforts and mutual assistance in the comprehensive planning for the physical growth and development of interstate, metropolitan, or other urban areas, and to establish such agencies, joint or otherwise, as they may deem desirable for making effective such agreements and compacts.

(g) In addition to the planning grants authorized by subsection (a), the Administrator is further authorized to make grants to organizations composed of public officials whom he finds to be representative of the political jurisdictions within a metropolitan area or urban region for the purpose of assisting such organizations to undertake studies, collect data, develop regional plans and programs, and engage in such other activities as the Administrator finds necessary or desirable for the solution of the metropolitan or regional problems in such areas or regions. To the maximum extent feasible, all grants under this sub-

section shall be for activities relating to all the developmental aspects of the total metropolitan area or, urban region, including, but not limited to, land use, transportation, housing, economic development, natural resources development, community facilities, and the general improvement of living environments. A grant under this subsection shall not exceed two-thirds of the estimated cost of the work for which the grant is made.

(h) *In addition to the other grants authorized by this section, the Secretary is authorized to make grants to assist any city, other municipality, or county in making a survey of the structures and sites in such locality which are determined by its appropriate authorities to be of historic or architectural value. Any such survey shall be designed to identify the historic structures and sites in the locality, determine the cost of their rehabilitation or restoration, and provide such other information as may be necessary or appropriate to serve as a foundation for a balanced and effective program of historic preservation in such locality. The aspects of any such survey which relate to the identification of historic and architectural values shall be conducted in accordance with criteria found by the Secretary to be comparable to those used in establishing the National Register maintained by the Secretary of the Interior under other provisions of law; and the results of each such survey shall be made available to the Secretary of the Interior. A grant under this subsection shall not exceed two-thirds of the cost of the survey for which it is made, and shall be made to the appropriate agency or entity specified in paragraphs (1) through (9) of subsection (a) or, if there is no such agency or entity which is qualified and willing to receive the grant and provide for its utilization in accordance with this subsection, directly to the city, other municipality, or county involved.*

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HOUSING AMENDMENTS OF 1955

[Public Law 345, 84th Congress]

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MORTGAGE INSURANCE

SEC. 102. * * *

* * * * *

(h) In the performance of, and with respect to, the functions, powers, and duties vested in him by section 213 of the National Housing Act, [as amended, the Commissioner,] *section 221(d)(3) of the National Housing Act, and section 101 of the Housing and Urban Development Act of 1965 (insofar as the provisions of such sections relate to cooperative housing), the Secretary of Housing and Urban Development notwithstanding the provisions of any other law, shall appoint a Special Assistant for Cooperative Housing, and provide the Special Assistant with adequate staff, whose sole responsibility will be to expedite operations under such [section] sections and to eliminate obstacles to the full utilization of such [section] sections under the direction and supervision of the Commissioner. The person so appointed shall be fully sympathetic with the purposes of such [section] sections.*

* * * * *

FEDERAL LOANS

SEC. 202. (a) * * *

(b) The powers granted in subsection (a) of this section shall be subject to the following restrictions and limitations:

(1) No financial assistance shall be extended under this section unless the financial assistance applied for is not otherwise available on reasonable terms, and all securities and obligations purchased and all loans made under this section shall be of such sound value or so secured as reasonably to assure retirement or repayment, and such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations or otherwise.

(2) No securities or obligations shall be purchased, and no loans shall be made, including renewals or extensions thereof, which have maturity dates in excess of forty years. Subject to such maximum maturity, the Administrator in his discretion may provide for the postponement of the payment of interest on not more than 50 per centum of any financial assistance extended to an applicant under this section for a period up to ten years where (A) such assistance does not exceed 50 per centum of the development cost of the project involved, and (B) it is determined by the Administrator that such applicant will experience above-average population growth and the project would contribute to orderly community development, economy, and efficiency; and any amounts so postponed shall be payable with interest in annual installments during the remaining maturity of such assistance.

(3) Financial assistance extended under this section shall bear interest at a rate determined by the Administrator which shall be not more than the higher of (A) 3 per centum per annum, or (B) the total on one-half of 1 per centum per annum added to the rate of interest paid by the Administrator on funds obtained from the Secretary of the Treasury as provided in section 203(a).

(4) No financial assistance shall be extended under clause (1) of subsection (a) of this section (A) to any municipality or other political subdivision having a population of fifty thousand or more (one hundred fifty thousand or more in the case of a community situated in an area designated as a redevelopment area under the Area Redevelopment Act or any Act supplementary thereto) according to the most recent decennial census, or; (B) to any public agency or instrumentality serving one or more municipalities, political subdivisions, or unincorporated areas in one or more States, unless each municipality, political subdivision, or unincorporated area to be served by the specific public work or facility for which assistance is sought under this section has a population less than the applicable figure under clause (A) according to such census. This paragraph shall not apply to any financial assistance to be extended under subsection (a) of this section for the purpose of financing any project for public works or facilities (i) in a community in or near which is located a research or development installation of the National Aeronautics and Space Administration, or (ii) to be initiated or accelerated as the result of a grant-in-aid from an allocation made by the President under section 9 of the Public Works Acceleration Act, or (iii) *to be provided in connection with the establishment of a new community approved under section 1004 of the National Housing Act.*

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(f) *The restrictions and limitations set forth in subsection (c) of this section shall not apply to assistance to municipalities, other political subdivisions and instrumentalities of one or more States, and Indian tribes, for specific projects for cultural centers, including but not limited to, museums, art centers and galleries, and theaters and other physical facilities for the performing arts, which would be of cultural, educational, and informational value to the communities and areas where the centers would be located.*

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HOUSING ACT OF 1961

[Public Law 87-70]

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[TITLE VII—OPEN SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT]

TITLE VII—OPEN-SPACE LAND, URBAN BEAUTIFICATION, AND HISTORIC PRESERVATION

FINDINGS AND PURPOSE

SEC. 701. (a) The Congress finds that a combination of economic, social, governmental, and technological forces have caused a rapid expansion of the Nation's urban areas, which has created critical problems of service and finance for all levels of government and which, combined with a rapid population growth in such areas, threatens severe problems of urban and suburban living, including the loss of valuable open-space land in such areas, for the preponderant majority of the Nation's present and future population.

(b) The Congress further finds that there is an urgent need both for the additional provision of parks and other open-space areas in the developed portions of the Nation's urban areas, *for the development and redevelopment of existing parks and other open space*, and for greater and better coordinated local efforts to beautify and improve open space and other public land throughout urban areas to facilitate their increased use and enjoyment by the Nation's urban population.

(c) *The Congress further finds that there is a need for timely action to preserve and restore areas, sites, and structures of historic or architectural value in order that these remaining evidences of our past history and heritage shall not be lost or destroyed through the expansion and development of the Nation's urban areas.*

[(c)] (d) It is the purpose of this title to help curb urban sprawl and prevent the spread of urban blight and deterioration, to encourage more economic and desirable urban development, *to assist in preserving areas and properties of historic or architectural value*, and to help provide necessary recreational, conservation, and scenic areas by assisting State and local governments in taking prompt action to (1) provide, preserve, and develop open-space land which is essential to the proper long-range development and welfare of the Nation's urban areas, in accordance with plans for the allocation of such land for open-space uses, [and (2)] (2) *acquire, improve, and restore areas, sites, and structures of historic or architectural value*, and (3) beautify and improve open-space and other public urban land, in accordance with programs

to encourage and coordinate local public and private efforts toward this end.

GRANTS FOR PRESERVATION AND DEVELOPMENT OF OPEN-SPACE LAND

SEC. 702. (a) In order to encourage and assist in the timely acquisition and development of land to be used as permanent open-space land, as defined herein, the Housing and Home Finance Administrator (hereinafter referred to as the "Administrator") is authorized to enter into contracts to make grants to States and local public bodies to help finance the acquisition of title to, or other permanent interests in, such land, and the development, for open-space uses, of land acquired under this title, *or the development or redevelopment, for open-space uses, of existing open-space land.* The amount of any such grant shall not exceed 50 per centum of the total cost, as approved by the Administrator, of such acquisition and development *or such development or redevelopment.* The faith of the United States is pledged to the payment of all grants contracted for under this title.

(b) The Administrator may enter into contracts to make grants under this title aggregating not to exceed \$310,000,000: *Provided,* That of such sum the Administrator may contract to make grants under section 705 aggregating not to exceed \$64,000,000, and grants under section 706 aggregating not to exceed \$36,000,000. There are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, the amounts necessary to provide for the payment of such grants as well as to carry out all other purposes of this title. All funds so appropriated shall remain available until expended.

(c) No grants under this title shall be used to defray ordinary State or local governmental expenses, or to help finance the acquisition by a public body of land located outside the urban area for which it exercises (or participates in the exercise of) responsibilities consistent with the purpose of this title.

(d) The Administrator may set such further terms and conditions for assistance under this title as he determines to be desirable.

[(e) The Administrator shall consult with the Secretary of the Interior on the general policies to be followed in reviewing applications for grants. To assist the Administrator in such review, the Secretary of the Interior shall furnish him appropriate information on the status of recreational planning for the areas to be assisted with the grants. The Administrator shall provide current information to the Secretary from time to time on significant program developments.]

(e) The Secretary shall consult with the Secretary of the Interior on the general policies to be followed in reviewing applications for grants under this title. To assist the Secretary in such review, the Secretary of the Interior shall furnish him (1) appropriate information on the status of national and statewide recreation and historic preservation planning as it affects the areas to be assisted with such grants, and (2) the current listing of any districts, sites, buildings, structures, and objects significant in American history, architecture, archeology, and culture which may be contained on a National Register maintained by the Secretary of the Interior pursuant to other provisions of law. The Secretary shall provide current information to the Secretary of the Interior from time to time on significant program developments.

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GRANTS FOR URBAN BEAUTIFICATION AND IMPROVEMENT

SEC. 706. The Administrator is authorized to enter into contracts to make grants, as herein provided, to States and local public bodies to assist in carrying out local programs for the greater use and enjoyment of open-space and other public land in urban areas. The Administrator shall establish criteria for such programs to assure that each program (1) represents significant and effective efforts, involving all available public and private resources, for the beautification of such land and its improvement for open-space uses; and (2) is important to the comprehensively planned development of the locality. Grants made under this section shall not exceed 50 per centum of the amount by which the cost of the activities carried on by an applicant during a fiscal year under an approved program exceeds its usual expenditures for comparable activities [Provided, That, notwithstanding any other provision of this section, the Administrator may use not to exceed \$5,000,000 of the sum authorized for contracts under this section for the purpose of entering into contracts to make grants in amounts not to exceed 90 per centum of the cost of activities which he determines have special value in developing and demonstrating new and improved methods and materials for use in carrying out the purposes of this section].

* * * * *

TECHNICAL ASSISTANCE, STUDIES, AND PUBLICATION OF INFORMATION

SEC. 708. (a) In order to carry out the purpose of this title the Administrator is authorized to provide technical assistance to State and local public bodies and to undertake such studies and publish such information, either directly or by contract, as he shall determine to be desirable.

(b) The Administrator is authorized to use during any fiscal year not to exceed \$50,000 of the funds available for grants under this title to undertake such studies and publish such information. Nothing contained in this section shall limit any authority of the Administrator under any other provision of law.

(c) *Notwithstanding any other provision of this title, the Secretary may use not to exceed \$10,000,000 of the sum authorized for contracts under this title for the purpose of entering into contracts to make grants in amounts not to exceed 90 per centum of the cost of activities which he determines have special value in developing and demonstrating new and improved methods and materials for use in carrying out the purposes of this title.*

GRANTS FOR HISTORIC PRESERVATION

SEC. 709. *The Secretary is authorized to enter into contracts to make grants to States and local public bodies to assist in the acquisition of title to or other permanent interests in areas, sites, and structures of historic or architectural value in urban areas, and in their restoration and improvement for public use and benefit, in accord with the comprehensively planned development of the locality. The amount of any such grant shall not exceed 50 per centum of the total cost, as approved by the Secretary, of the assisted activities. The remainder of such cost shall be provided from non-Federal sources.*

DEFINITIONS

- SEC. [709] 710. As used in this title—
- (1) The term “open-space land” means any undeveloped or predominantly undeveloped land in an urban area which has value for (A) park and recreational purposes, (B) conservation of land and other natural resources, or (C) historic or scenic purposes.
- (2) The term “urban area” means any area which is urban in character, including those surrounding areas which, in the judgment of the Administrator form on economic and socially related region, taking into consideration such factors as present and future population trends and patterns of urban growth, location of transportation facilities and systems, and distribution of industrial, commercial, residential, governmental, institutional, and other activities.
- (3) The term “State” means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam.
- (4) The term “open-space uses” means any use of open-space land for (A) park and recreational purposes, (B) conservation of land and other natural resources, or (C) historic or scenic purposes.

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HOUSING ACT OF 1964

[Public Law 88-560]

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TITLE III—URBAN RENEWAL

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[REHABILITATION LOANS] LOANS FOR REHABILITATION OR HISTORIC PRESERVATION

SEC. 312.(a) (1) To assist rehabilitation in an urban renewal area or an area in which a program of concentrated code enforcement activities is being carried out pursuant to section 117 of the Housing Act of 1949 and thereby reduce the need for demolition and removal of structures, the Housing and Home Finance Administrator is hereby authorized, through the utilization of local public and private agencies where feasible, to make loans as herein provided to the owners or tenants of property in such area to finance rehabilitation required to make the property conform to applicable code requirements or to carry out the objectives of the urban renewal plan for the area. [No loan shall be made under this section unless the Administrator finds (1) that the applicant is unable to secure the necessary funds from other sources upon comparable terms and conditions, and (2) the loan is an acceptable risk taking into consideration the need for the rehabilitation, the security available for the loan, and the ability of the applicant to repay the loan.]

(2) To assist in the preservation of historic structures both within and outside of urban renewal areas, the Secretary is also authorized under this section to make loans to the owners or tenants of structures which are determined in accordance with regulations prescribed by him to be of historic or architectural value to finance the rehabilitation or restoration of such structures, and to make loans to other persons to finance the

acquisition and rehabilitation or restoration by them of structures which are determined in accordance with such regulations to be of historic or architectural value.

(3) *No loan shall be made under this section unless the Secretary finds (A) that the applicant is unable to secure the necessary funds from other sources upon comparable terms and conditions, and (B) the loan is an acceptable risk, taking into consideration the security available for the loan, the ability of the applicant to repay the loan, and the need for the rehabilitation or restoration involved.*

(4) *Nothing in this section shall prevent a person from receiving a loan under this section with respect to property in connection with which he receives a grant under section 115 of the Housing Act of 1949, if and to the extent that such person is otherwise eligible to receive such loan under this section.*

(b) For the purposes of this section—

(1) the term “rehabilitation” means the improvement or repair of a structure or facilities in connection with a structure, and may include the provision of such sanitary or other facilities as are required by applicable codes [or the urban renewal plan] *or the urban renewal plan, if any to be provided by the owner or tenant of the property;*

(2) the term “urban renewal area” means a slum area or a blighted, deteriorated, or deteriorating area as defined in section 110(a) of the Housing Act of 1949;

(3) the term “tenant” means a person or organization who is occupying a structure under a lease having a period to run at the time a [rehabilitation loan] *loan is made under this section of not less than the term of the loan; and*

(4) the term “Administrator” means the Housing and Home Finance Administrator.

(c) A [rehabilitation loan] *loan made under this section shall be subject to the following limitations:*

(1) *The loan shall be subject to such terms and conditions as may be prescribed by the Administrator.*

(2) *The term of the loan may not exceed twenty years or three-fourths of the remaining economic life of the structure after rehabilitation, whichever is less.*

(3) *The loan shall bear interest at such rate as the Administrator determines to be appropriate but not to exceed 3 per centum per annum of the amount of the principal outstanding at any time, and the Administrator may prescribe such other charges as he finds necessary, including service charges and appraisal, inspection, and other fees.*

(4) *The amount of the loan may not exceed—*

(A) *in the case of residential property, the amount of a loan which could be insured by the Federal Housing Commissioner under section 220 (h) of the National Housing Act: Provided, That, within the limitations otherwise applicable on the amount of a loan under such section the loan may exceed [the cost of rehabilitation] the cost of rehabilitation, restoration, or acquisition and restoration in order to include an amount approved by the Administrator to refinance existing indebtedness secured by such property if such refinancing is necessary to enable the applicant to amortize, with a monthly payment of not more*

than 20 per centum of his average monthly income, such loan and any other indebtedness secured by his property; and

(B) in the case of nonresidential property, whichever of the following is the least: \$50,000, or [the cost of rehabilitation] *the cost of rehabilitation, restoration, or acquisition and restoration* or an amount which when added to any outstanding indebtedness related to the property securing the loan creates a total outstanding indebtedness that the Administrator determines could be reasonably secured by a first mortgage on the property

(5) A loan shall be secured as determined by the Administrator.

(d) There is authorized to be appropriated not to exceed \$100,-000,000 for each fiscal year which shall constitute a revolving fund to be used by the Administrator in carrying out this section. All moneys in such revolving fund shall be available for necessary expenses of serving loans made pursuant to this section, including reimbursement or payment for services and facilities of the Federal National Mortgage Association and of any public or private agency for the servicing of such loans.

(e) In the performance of, and with respect to, the functions, powers, and duties vested in him by this section, the Administrator shall have (in addition to any authority otherwise vested in him) the functions, powers, and duties set forth in section 402 of the Housing Act of 1950 (except subsection (c)(2)).

(f) The Administrator is authorized to delegate to or use as his agent any Federal or local public or private agency or organization to the extent he determines appropriate and desirable to carry out the objectives of this section in the area involved.

(g) The Administrator is authorized to issue such rules and regulations and impose such requirements and conditions (in addition to those specified in this section) as he determines to be desirable to carry out the objectives of this section, including limitations on the amount of a loan and restrictions on the use of the property involved.

(h) No loan shall be made under the authority of this section after October 1, 1969, except pursuant to a contract, commitment, or other obligation entered into pursuant to this section before that date.

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HOUSING AND URBAN DEVELOPMENT ACT OF 1965

[Public Law 89-117]

TITLE I—SPECIAL PROVISIONS FOR DISADVANTAGED PERSONS

* * * * *

DIRECT LOANS TO PROVIDE HOUSING FOR THE ELDERLY OR HANDICAPPED

SEC. 105. (a) Section 202(a)(4) of the Housing Act of 1959 is amended by striking out “\$350,000,000” and inserting in lieu thereof “\$500,000,000”.

(b)(1) [Effective with respect to loans made on or after the date of the enactment of this Act, section] *Section* 202 (a)(3) of such Act is amended by striking out “the higher of (A) 2¾ per centum per annum, or” and inserting in lieu thereof “the lower of (A) 3 per centum per annum, or”.

(2) The interest rate provided by the amendment made in paragraph (1) shall be applicable (A) with respect to any loan made on or after August 10, 1965, and (B) with respect to any loan made prior to such date if construction of the housing or related facilities to be assisted by such loan was not commenced prior to such date, and not completed prior to the filing of an application for the benefits of such interest rate.

* * * * *

**[MORTGAGE RELIEF FOR HOMEOWNERS WHO ARE UNEMPLOYED AS THE
RESULT OF THE CLOSING OF A FEDERAL INSTALLATION]**

[SEC. 107. (a) For the purposes of this section—

[(1) The term “mortgage” means a mortgage which (A) is insured under the National Housing Act, or (B) secures a home loan guaranteed or insured under the Servicemen’s Readjustment Act of 1944 or chapter 37 of title 38, United States Code.

[(2) The term “Federal mortgage agency” means—

[(A) the Federal Housing Commissioner when used in connection with mortgages insured under the National Housing Act, and

[(B) the Administrator of Veterans’ Affairs when used in connection with mortgages securing home loans guaranteed or insured under the Servicemen’s Readjustment Act of 1944 or chapter 37 or title 38, United States Code.

[(3) The term “distressed mortgagor” means an individual who—

[(A) is unemployed, although willing to work, as the result of the closing (in whole or in part) of a Federal installation, and

[(B) is the owner-occupant of a dwelling upon which there is a mortgage securing a loan which is in default because of the inability of such individual to make payments of principal and/or interest under such mortgage.

[(b)(1) Any distressed mortgagor, for the purpose of avoiding foreclosure of his mortgage, may apply to the appropriate Federal mortgage agency for a determination that suspension of his obligation to make payments of principal and/or interest under such mortgage during a temporary period is necessary in order to avoid such foreclosure.

[(2) Upon receipt of an application made under this subsection by a distressed mortgagor, the Federal mortgage agency shall issue to such mortgagor a certificate of moratorium if it determines, after consultation with the interested mortgagee, that—

[(A) the mortgagor is not in default with respect to any condition or covenant of the mortgage other than that requiring the payment of installments of principal and/or interest under the mortgage, and

[(B) such action is the only available means whereby a foreclosure of such mortgage can be avoided.

[(3) Prior to the issuance to any distressed mortgagor of a certificate of moratorium under paragraph (2), the Federal mortgage agency shall require such mortgagor to enter into a binding agreement under which he will be required to make payments to such agency, after the expiration of such certificate, in an aggregate amount equal to the amount paid by such agency on behalf of such mortgagor as provided in subsection (c). The manner and time in which such payments shall

be made shall be determined by the Federal mortgage agency having due regard to the purposes sought to be achieved by this section.

[(4) Any certificate of moratorium issued under this subsection shall expire on whichever of the following dates is the earliest—

[(A) one year from the date on which such certificate is issued;

[(B) thirty days after the date on which the mortgagor to whom such certificate is issued ceases to be a distressed mortgagor as defined in subsection (a); or

[(C) the date on which such mortgagor becomes in default with respect to any condition or covenant in his mortgage other than that requiring the payment by him of installments of principal and/or interest under the mortgage.

[(c)(1) Whenever a Federal mortgage agency issues a certificate of moratorium to any distressed mortgagor with respect to any mortgage, it shall transmit to the mortgagee a copy of such certificate, together with a notice stating that, while such certificate is in effect, such agency will assume the obligation of such mortgagor to make payments of principal, and, if so specified in the certificate, of interest, under the mortgage.

[(2) Payments made by any Federal mortgage agency pursuant to a certificate of moratorium issued under this section with respect to the mortgage of any distressed mortgagor shall include, in addition to the payments referred to in paragraph (1), an amount equal to the unpaid principal and interest charges which had accrued under such mortgage prior to the issuance of such certificate and subsequent to the date on which such mortgagor became a distressed mortgagor as defined in subsection (a).

[(3) While any certificate of moratorium issued under this section is in effect with respect to the mortgage of any distressed mortgagor, no further payments of principal, and, if so specified in the certificate, of interest, under the mortgage shall be required of such mortgagor, and no action (legal or otherwise) shall be taken or maintained by the mortgagee to enforce or collect such payments. Upon the expiration of such certificate, the mortgagor shall again be liable for the payment of all amounts due under the mortgage in accordance with its terms.

[(4) Each Federal mortgage agency shall give prompt notice in writing to the interested mortgagor and mortgagee of the expiration of any certificate of moratorium issued by it under this section.

[(d) The Federal mortgage agencies are authorized to issue such individual and joint regulations as may be necessary to carry out this section and to insure the uniform administration thereof.

[(e) There shall be in the Treasury (1) a fund which shall be available to the Federal Housing Commissioner for the purpose of extending financial assistance in behalf of distressed mortgagors as provided in subsection (c), and (2) a fund which shall be available to the Administrator of Veterans' Affairs for the same purpose. The capital of each such fund shall consist of such sums as may, from time to time, be appropriated thereto, and any sums so appropriated shall remain available until expended. Receipts arising from the programs of assistance under subsection (c) shall be credited to the fund from which such assistance was extended. Moneys in either of such funds not needed for current operations, as determined by the Federal Housing Commissioner, or the Administrator of Veterans' Affairs, as the case may be, shall be invested in bonds or other obligations of the United States, or paid into the Treasury as miscellaneous receipts.]

MORTGAGE RELIEF FOR CERTAIN HOMEOWNERS

SEC. 107. (a) For the purposes of this section—

(1) The term "mortgage" means a mortgage which (A) is insured under the National Housing Act, or (B) secures a home loan guaranteed or insured under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code.

(2) The term "Federal mortgage agency" means—

(A) the Secretary of Housing and Urban Development when used in connection with mortgages insured under the National Housing Act, and

(B) the Administrator of Veterans' Affairs when used in connection with mortgages securing home loans guaranteed or insured under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code.

(3) The term "distressed mortgagor" means an individual who—

(A) was employed by the Federal Government at, or was assigned as a serviceman to, a military base or other Federal installation and whose employment or service at such base or installation was terminated subsequent to November 1, 1964, as the result of the closing (in whole or in part) of such base or installation; and

(B) is the owner-occupant of a dwelling situated at or near such base or installation and upon which there is a mortgage securing a loan which is in default because of the inability of such individual to make payments due under such mortgage.

(b)(1) Any distressed mortgagor, for the purpose of avoiding foreclosure of his mortgage, may apply to the appropriate Federal mortgage agency for a determination that suspension of his obligation to make payments due under such mortgage during a temporary period is necessary in order to avoid such foreclosure.

(2) Upon receipt of an application made under this subsection by a distressed mortgagor, the Federal mortgage agency shall issue to such mortgagor a certificate of moratorium if it determines, after consultation with the interested mortgagee, that such action is necessary to avoid foreclosure.

(3) Prior to the issuance to any distressed mortgagor of a certificate of moratorium under paragraph (2), the Federal mortgage agency, the mortgagor, and the mortgagee shall enter into a binding agreement under which—

(A) the mortgagor will be required to make payments to such agency, after the expiration of such certificate, in an aggregate amount equal to the amount paid by such agency on behalf of such mortgagor as provided in subsection (c), together with interest thereon at a rate not to exceed the rate provided in the mortgage; the manner and time in which such payments shall be made to be determined by the Federal mortgage agency having due regard for the purposes sought to be achieved by this section; and

(B) the Federal mortgage agency will be subrogated to the rights of the mortgagee to the extent of payments made pursuant to such certificate, which rights, however, shall be subject to the prior right of the mortgagee to receive the full amount payable under the mortgage.

(4) Any certificate of moratorium issued under this subsection shall expire on whichever of the following dates is the earliest—

(A) two years from the date on which such certificate was issued;

(B) thirty days after the date on which the mortgagor gives notice in writing to the Federal mortgage agency that he is able to resume his obligation to make payments due under his mortgage; or

(C) thirty days after the date on which the Federal mortgage agency determines that the mortgagor to whom such certificate was issued has ceased to be a distressed mortgagor as defined in subsection (a)(3).

(c)(1) Whenever a Federal mortgage agency issues a certificate of moratorium to any distressed mortgagor with respect to any mortgage, it shall transmit to the mortgagee a copy of such certificate, together with a notice stating that, while such certificate is in effect, such agency will assume the obligation of such mortgagor to make payments due under the mortgage.

(2) Payments made by any Federal mortgage agency pursuant to a certificate of moratorium issued under this section with respect to the mortgagee of any distressed mortgagor may include, in addition to the payments referred to in paragraph (1), an amount equal to the unpaid payments under such mortgage prior to the issuance of such certificate, plus a reasonable allowance for foreclosure costs, actually paid by the mortgagee if a foreclosure action was dismissed as a result of the issuance of a moratorium certificate. Payments by the Federal mortgage agency may also include payments of taxes and insurance premiums on the mortgaged property as deemed necessary when these items are not provided for through payments to a tax and insurance account held by the interested mortgagor.

(3) While any certificate of moratorium issued under this section is in effect with respect to the mortgage of any distressed mortgagor, no further payments due under the mortgage shall be required of such mortgagor, and no action (legal or otherwise) shall be taken or maintained by the mortgagee to enforce or collect such payments. Upon the expiration of such certificate, the mortgagor shall again be liable for the payment of all amounts due under the mortgage in accordance with its terms.

(4) Each Federal mortgage agency shall give prompt notice in writing to the interested mortgagor and mortgagee of the expiration of any certificate of moratorium issued by it under this section.

(d) The Federal mortgage agencies are authorized to issue such individual and joint regulations as may be necessary to carry out this section and to insure the uniform administration thereof.

(e) There shall be in the Treasury (1) a fund which shall be available to the Secretary of Housing and Urban Development for the purpose of extending financial assistance in behalf of distressed mortgagors as provided in subsection (c) and for paying administrative expenses incurred in connection with such assistance, and (2) a fund which shall be available to the Administrator of Veterans' Affairs for the same purpose, except administrative expenses. The capital of each such fund shall consist of such sums as may, from time to time, be appropriated thereto, and any sums so appropriated shall remain available until expended. Receipts arising from the programs of assistance under subsection (c) shall be credited to the fund from which such assistance was extended. Moneys in either of such funds not needed for current operations, as determined by the Secretary of Housing and Urban Development, or the Administrator of Veterans' Affairs, as the case may be, shall be invested in bonds or other obligations of the United States, or paid into the Treasury as miscellaneous receipts.

(f) Section 1816 of title 38, United States Code, is amended by inserting "(a)" before the text of such section, and by adding at the end thereof a new subsection as follows:

"(b) With respect to any loan made under section 1811 which has not been sold as provided in subsection (g) of such section, if the Administrator finds, after there has been a default in the payment of any installment of principal or interest owing on such loan, that the default was due to the fact that the veteran who is obligated under the loan has become unemployed as the result of the closing (in whole or in part) of a Federal installation, he shall (1) extend the time for curing the default to such time as he determines is necessary and desirable to enable such veteran to complete payments on such loan, including an extension of time beyond the stated maturity thereof, or (2) modify the terms of such loan for the purpose of changing the amortization provisions thereof by recasting, over the remaining term of the loan, or over such longer period as he may determine, the total unpaid amount then due with the modification to become effective currently or upon the termination of an agreed-upon extension of the period for curing the default."

[ACQUISITION OF CERTAIN PROPERTIES SITUATED AT OR NEAR MILITARY BASES WHICH HAVE BEEN ORDERED TO BE CLOSED

[SEC. 108. (a) The Secretary of Defense is authorized to acquire title to any property, improved with a one- or two-family dwelling, which is situated at or near a military base or installation which the Department of Defense has, subsequent to November 1, 1964, ordered to be closed in whole or in part, if he determines—

[(1) that the owner of such property is, or has been, employed or performing military service, at such base or installation;

[(2) that the closing of such base or installation, in whole or in part, has required or will require the termination of such owner's employment or service at such base or installation; and

[(3) that as the result of the actual or pending closing of such base or installation there is no present market for the sale of such property upon reasonable terms and conditions.

[(b) The purchase price of any property which is situated at or near a military base or installation and is acquired under this section shall be equal to an amount determined by the Secretary of Defense to be the average price at which properties, similar in size, construction, condition, and location to that of the property to be acquired, were sold during a representative period, as determined by the Secretary, prior to the announcement of the intention of the Department of Defense to close all or part of such base or installation.

[(c) The title to any property acquired under this section shall be free and clear of any outstanding liens or encumbrances and shall conform to such requirements as the Secretary of Defense shall by regulation require. Such regulations shall also prescribe the terms and conditions under which payments may be made under this section, and decisions by the Secretary regarding such payments, and the terms and conditions under which the same are approved or disapproved, shall be final and conclusive and shall not be subject to judicial review.

[(d) Properties acquired under this section shall be transferred to the Federal Housing Commissioner, and the Federal Housing Com-

missioner shall have power to deal with, rent, renovate, or sell for cash or credit any properties so transferred. Receipts from the management or sale of any such properties may be utilized by the Commissioner to defray expenses arising in connection with the management of such properties, and any part of such receipts not required for such expenses shall be covered into the Treasury as miscellaneous receipts.

[(e) * * *

[(f) Such sums as may be necessary to carry out the provisions of this section are hereby authorized to be appropriated, and any sums so appropriated shall remain available until expended.]

* * * * *

TITLE XI—MISCELLANEOUS

* * * * *

STUDY CONCERNING RELIEF OF HOMEOWNERS IN PROXIMITY TO AIRPORTS

SEC. 1113. (a) The Housing and Home Finance Administrator shall undertake a study to determine feasible methods of reducing the economic loss and hardship suffered by homeowners as the result of the depreciation in the value of their properties following the construction of airports in the vicinity of their homes, including a study of feasible methods of insulating such homes from the noise of aircraft. Findings and recommendations resulting from such study shall be reported to the President for transmission to The Congress at The earliest practicable date, but in no event later than [one year after the date of the enactment of this Act] *six months after the date of the enactment of the Demonstration Cities and Metropolitan Development Act of 1966.*

(b) *There is authorized to be appropriated the sum of \$100,000 to carry out subsection (a).*

* * * * *

SECTION 5136 OF THE REVISED STATUTES

SEC. 5136. Upon duly making and filing articles of association and an organization certificate a national banking association shall become, as from the date of the execution of its organization certificate, a body corporate, and as such, and in the name designated in the organization certificate, it shall have power—

* * * * *

Seventh. To exercise by its board of directors or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of banking; by discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt; by receiving deposits; by buying and selling exchange, coin, and bullion; by loaning money on personal security; and by obtaining, issuing and circulating notes according to the provisions of this chapter. The business of dealing in securities and stock by the association shall be limited to purchasing and selling such securities and stock without recourse, solely upon the order, and for the account of, customers, and in no case for its own account, and the association shall not underwrite any issue of securities or stock: *Provided*, That the association may purchase for its own account invest-

ment securities under such limitations and restrictions as the Comptroller of the Currency may by regulation prescribe. In no event shall the total amount of the investment securities of any one obligor or maker, held by the association for its own account, exceed at any time 10 per centum of its capital stock actually paid in and unimpaired and 10 per centum of its unimpaired surplus fund, except that this limitation shall not require any association to dispose of any securities lawfully held by it on August 23, 1935. As used in this section the term "investment securities" shall mean marketable obligations, evidencing indebtedness of any person, copartnership, association, or corporation in the form of bonds, notes and/or debentures commonly known as investment securities under such further definition of the term "investment securities" as may by regulation be prescribed by the Comptroller of the Currency. Except as hereinafter provided or otherwise permitted by law, nothing herein contained shall authorize the purchase by the association for its own account of any shares of stock of any corporation. The limitations and restrictions herein contained as to dealing in, underwriting and purchasing for its account, investment securities shall not apply to obligations of the United States, or general obligations of any State or of any political subdivision thereof, or obligations issued under authority of the Federal Farm Loan Act, as amended, or issued by the thirteen banks for co-operatives of any of them or the Federal Home Loan Banks, or *obligations which are insured by the Secretary of Housing and Urban Development under title XI of the National Housing Act* or obligations which are insured by the Federal Housing Administrator pursuant to section 1713 of this title, if the debentures to be issued in payment of such insured obligations are guaranteed as to principal and interest by the United States, or obligations, participations, or other instruments of or issued by the Federal National Mortgage Association, or such obligations of any local public agency (as defined in section 1460(h) of Title 42) as are secured by an agreement between the local public agency and the Housing and Home Finance Administrator in which the local public agency agrees to borrow from said Administrator, and said Administrator agrees to lend to said local public agency monies in an aggregate amount which (together with any other monies irrevocably committed to the payment of interest on such obligations) will suffice to pay, when due, the interest on and all installments (including the final installment) of the principal of such obligations, which monies under the terms of said agreement are required to be used for such payments, or such obligations of a public housing agency (as defined in the United States Housing Act of 1937, as amended) as are secured either (1) by an agreement between the public housing agency and the Public Housing Administration in which the public housing agency agrees to borrow from the Public Housing Administration and the Public Housing Administration agrees to lend to the public housing agency, prior to the maturity of such obligations (which obligations shall have a maturity of not more than eighteen months), monies in an amount which (together with any other monies irrevocably committed to the payment of interest on such obligations) will suffice to pay the principal of such obligations with interest to maturity thereon, which monies under the terms of said agreement are required to be used for the purpose of paying the principal of and the interest on such obligations at their maturity, or (2) by a pledge of annual contributions under an annual contributions

contract between such public housing agency and the Public Housing Administration if such contract shall contain the covenant by the Public Housing Administration which is authorized by section 1421a(b) of Title 42, and if the maximum sum and the maximum period specified in such contract pursuant to section 1421a(b) of Title 42 shall not be less than the annual amount and the period for payment which are requisite to provide for the payment when due of all installments of principal and interest on such obligations: *Provided*, That in carrying on the business commonly known as the safe-deposit business the association shall not invest in the capital stock of a corporation organized under the law of any State to conduct a safe-deposit business in an amount in excess of 15 per centum of the capital stock of the association actually paid in and unimpaired and 15 per centum of its unimpaired surplus. The limitations and restrictions herein contained as to dealing in and underwriting investment securities shall not apply to obligations issued by the International Bank for Reconstruction and Development or the Inter-American Development Bank which are at the time eligible for purchase by a national bank for its own account, nor to bonds, notes and other obligations issued by the Tennessee Valley Authority: *Provided*, That no association shall hold obligations issued by any of said organizations as a result of underwriting, dealing, or purchasing for its own account (and for this purpose obligations as to which it is under commitment shall be deemed to be held by it) in a total amount exceeding at any one time 10 per centum of its capital stock actually paid in and unimpaired and 10 per centum of its unimpaired surplus fund.

* * * * *

SECTION 24 OF THE FEDERAL RESERVE ACT

LOANS ON FARM LANDS

SEC. 24. Any national banking association may make real estate loans secured by first liens upon improved real estate, including improved farmland and improved business and residential properties. A loan secured by real estate within the meaning of this section shall be in the form of an obligation or obligations secured by a mortgage, trust deed, or other instrument upon real estate, which shall constitute a first lien on real estate in fee simple or, under such rules and regulations as may be prescribed by the Comptroller of the Currency, on a leasehold under a lease which does not expire for at least 10 years beyond the maturity date of the loan, and any national banking association may purchase any obligation so secured when the entire amount of such obligation is sold to the association. The amount of any such loan hereafter made shall not exceed 50 per centum of the appraised value of the real estate offered as security and no such loan shall be made for a longer term than five years; except that (1) any such loan may be made in an amount not to exceed 66⅔ per centum of the appraised value of the real estate offered as security and for a term not longer than ten years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize 40 per centum or more of the principal of the loan within a period of not more than ten years (2) any such loan may be made in an amount not to exceed 66⅔ per centum of the appraised value of the real estate

offered as security and for a term not longer than twenty years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize the entire principal of the loan within a period of not more than twenty years, and (3) any such loan may be made in an amount not to exceed 80 per centum of the appraised value of the real estate offered as security and for a term not longer than twenty-five years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize the entire principal of the loan within the period ending on the date of its maturity, and (4) the foregoing limitations and restrictions shall not prevent the renewal or extension of loans heretofore made and shall not apply to real estate loans which are insured under the provisions of sections 1707—1715, 1715b—1715r, 1736—1746a, 1748—1748h, 1706c of this title, or subchapter X of chapter 13 of this title or which are insured by the Secretary of Agriculture pursuant to sections 1001—1005d of title 7, or sections 590r to 590x-3 of title 16, or sections 1471—1484 of title 42, or *which are insured by the Secretary of Housing and Urban Development pursuant to title XI of the National Housing Act*, and shall not apply to real estate loans which are fully guaranteed or insured by a State, or by a State authority for the payment of the obligations of which the faith and credit of the State is pledged, if under the terms of the guaranty or insurance agreement the association will be assured of repayment in accordance with the terms of the loan. Notwithstanding the foregoing limitations and restrictions in this section, any national banking association may make loans for land development which are secured by mortgages insured under title X of the National Housing Act. No such association shall make such loans in an aggregate sum in excess of the amount of the capital stock of such association paid in an unimpaired plus the amount of its unimpaired surplus fund, or in excess of 70 per centum of the amount of its time and savings deposits, whichever is the greater. Any such association may continue hereafter as heretofore to receive time and savings deposits and to pay interest on the same, but the rate of interest which such association may pay upon such time deposits or upon savings or other deposits shall not exceed the maximum rate authorized by law to be paid upon such deposits by State banks or trust companies organized under the laws of the State in which such association is located.

Any national banking association may make real estate loans secured by first liens upon forest tracts which are properly managed in all respects. Such loans shall be in the form of an obligation or obligations secured by mortgage, trust deed, or other such instrument; and any national banking association may purchase any obligation so secured when the entire amount of such obligation is sold to the association. The amount of any such loan shall not exceed 60 per centum of the appraised fair market value of the growing timber, lands, and improvements thereon offered as security and the loan shall be made upon such terms and conditions as to assure that at no time shall the loan balance exceed 60 per centum of the original appraised total value of the property then remaining. No such loan shall be made for a longer term than three years; except that any such loan may be made for a term not longer than fifteen years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the

terms of which the installment payments are sufficient to amortize the principal of the loan within a period of not more than fifteen years and at a rate of at least 6½ per centum per annum. All such loans secured by first liens upon forest tracts shall be included in the permissible aggregate of all real estate loans prescribed in the preceding paragraph, but no national banking association shall make forest-tract loans in an aggregate sum in excess of 50 per centum of its capital stock paid in and unimpaired plus 50 per centum of its unimpaired surplus fund.

Loans made to finance the construction of industrial or commercial buildings and having maturities of not to exceed twenty-four months where there is a valid and binding agreement entered into by a financially responsible lender to advance the full amount of the bank's loan upon completion of the buildings and loans made to finance the construction of residential or farm buildings and having maturities of not to exceed twenty-four months, shall not be considered as loans secured by real estate within the meaning of this section but shall be classed as ordinary commercial loans whether or not secured by a mortgage or similar lien on the real estate upon which the building or buildings are being constructed: *Provided*, That no national banking association shall invest in, or be liable on, any such loans in an aggregate amount in excess of 100 per centum of its actually paid-in and unimpaired capital plus 100 per centum of its unimpaired surplus fund. Notes representing loans made under this section to finance the construction of residential or farm buildings and having maturities of not to exceed nine months shall be eligible for discount as commercial paper within the terms of section 343 of this title if accompanied by a valid and binding agreement to advance the full amount of the loan upon the completion of the building entered into by an individual, partnership, association, or corporation acceptable to the discounting bank.

Loans made to established industrial or commercial businesses (a) which are in whole or in part discounted or purchased or loaned against as security by a Federal Reserve bank under the provisions of section 352a of this title, (b) for any part of which a commitment shall have been made by a Federal Reserve bank under the provisions of said section, (c) in the making of which a Federal Reserve bank participates under the provisions of said section, or (d) in which the Reconstruction Finance Corporation or the Housing and Home Finance Administrator cooperates or purchases a participation under the provisions of the Reconstruction Finance Corporation Act, as amended, or of section 1701g or 1701g—1 of this title, shall not be subject to the restrictions or limitations of this section upon loans secured by real estate. Loans in which the Small Business Administration cooperates through agreements to participate on an immediate or deferred basis under the Small Business Act shall not be subject to the restrictions or limitations of this section imposed upon loans secured by real estate. Home improvement loans which are insured under the provisions of section 1709(k) or 1715(h) of this title may be made without regard to the first lien requirements of this section.

Loans made to manufacturing and industrial businesses where the association looks for repayment out of the operations of the borrower's business, relying primarily on the borrower's general credit standing and forecast of operations, with or without other security, but wishes to take a mortgage on the borrower's real estate as a precaution

against contingencies, shall not be considered as real estate loans within the meaning of this section but shall be classed as ordinary commercial loans.

* * * * *

SECTION 304(a) OF THE TRUST INDENTURE ACT OF 1939

EXEMPTED SECURITIES AND TRANSACTIONS

SEC. 304. (a) The provisions of this title shall not apply to any of the following securities:

(1) any security other than (A) a note, bond, debenture, or evidence of indebtedness, whether or not secured, or (B) a certificate of interest or participation in any such note, bond, debenture, or evidence of indebtedness, or (C) a temporary certificate for, or guarantee of, any such note, bond, debenture, evidence of indebtedness, or certificate;

(2) any certificate of interest or participation in two or more securities having substantially different rights and privileges, or a temporary certificate for any such certificate;

(3) any security which, prior to or within six months after the enactment of this title, has been sold or disposed of by the issuer or bona fide offered to the public, but this exemption shall not apply to any new offering of any such security by an issuer subsequent to such six months;

(4) any security exempted from the provisions of the Securities Act of 1933, as heretofore amended, by paragraph (2), (3), (4), (5), (6), (7), (8), or (11) of subsection 3(a) thereof;

(5) any security issued under a mortgage indenture as to which a contract of insurance under the National Housing Act is in effect; and any such security shall be deemed to be exempt from the provisions of the Securities Act of 1933 to the same extent as though such security were specifically enumerated in section 3(a)(2) of such Act;

(6) any note, bond, debenture, or evidence of indebtedness issued or guaranteed by a foreign government or by a subdivision, department, municipality, agency, or instrumentality thereof;

(7) any guarantee of any security which is exempted by this subsection;

(8) any security which has been or is to be issued otherwise than under an indenture, but this exemption shall not be applied within a period of twelve consecutive months to more than \$250,000 aggregate principal amount of any securities of the same issuer; **[or]**

(9) any security which has been or is to be issued under an indenture which limits the aggregate principal amount or securities at any time outstanding thereunder to \$1,000,000 or less, but this exemption shall not be applied within a period of thirty-six consecutive months to more than \$1,000,000 aggregate principal amount of securities of the same issuer **[.]** ; or

(10) any security issued under a mortgage or trust deed indenture as to which a contract of insurance under title XI of the National Housing Act is in effect; and any such security shall be

deemed to be exempt from the provisions of the Securities Act of 1933 to the same extent as though such security were specifically enumerated in section 3(a)(2), as amended, of the Securities Act of 1933 (15 U.S.C. 77c(a)(2)).

In computing the aggregate principal amount of securities to which the exemptions provided by paragraphs (8) and (9) may be applied, securities to which the provisions of sections 305 and 306 would not have applied, irrespective of the provisions of these paragraphs, shall be disregarded.

* * * * *

SECTION 263 OF THE BANKRUPTCY ACT

SEC. 263. Nothing contained in this chapter shall be deemed to affect or apply to the creditors of any corporation under a mortgage insured pursuant to the National Housing Act and Acts amendatory thereof and supplementary thereto. *Nothing contained in this chapter shall be deemed to affect or apply to the creditors of any corporation under a mortgage insured pursuant to title XI of the National Housing Act.*

* * * * *

SECTIONS 12 AND 18 OF THE FEDERAL HOME LOAN BANK ACT

INCORPORATION OF BANKS, AND CORPORATE POWERS

SEC. 12. The directors of each Federal Home Loan Bank shall, in accordance with such rules and regulations as the board may prescribe, make and file with the board at the earliest practicable date after the establishment of such bank, an organization certificate which shall contain such information as the board may require. Upon the making and filing of such organization certificate with the board, such bank shall become, as of the date of the execution of its organization certificate, a body corporate, and as such an in its name as designated by the board it shall have power to adopt, alter, and use a corporate seal; to make contracts; to purchase or lease and hold or dispose of such real estate as may be necessary or convenient for the transaction of its business [but no bank building shall be bought or erected to house any such bank, nor shall any such bank make any lease] *but, except with the prior approval of the board, no bank building shall be bought or erected to house any such bank, or leased by such bank under any lease,* for such purpose which has a term of more than ten years; to sue and be sued, to complain, and to defend, in any court of competent jurisdiction, State, or Federal; to select, employ, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary for the transaction of its business, subject to the approval of the board; to define their duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents; and, by its board of directors, to prescribe, amend, and repeal by-laws, rules, and regulations governing the manner in which its affairs may be administered; and the powers granted to it by law may be exercised and enjoyed to the approval of the board. The president of a Federal Home Loan Bank may also be a member of the board of

directors thereof, but no other officer, employee, attorney, or agent of such bank, who receives compensation, may be a member of the board of directors. Each such bank shall have all such incidental powers, not inconsistent with the provisions of this Act, as are customary and usual in corporations generally.

* * * * *

ADMINISTRATIVE EXPENSES

SEC. 18. (a) There is hereby authorized to be appropriated the sum of not to exceed \$300,000 for salaries, travel and subsistence expenses, rents, printing and binding, furniture and equipment, law books, books of reference, periodicals, newspapers, maps, contract stenographic reporting services, telephone and telegraph services, and all other necessary expenses of the board, together with expenses preliminary to the organization and establishment of the banks created hereunder, until the end of the fiscal year 1933.

(b) The board shall have power to levy semiannually upon the Federal Home Loan Banks, and they shall pay, on such equitable basis as the board shall determine, an assessment sufficient in its judgment to provide for the payment of its estimated expenses for the half year succeeding the levying of each such assessment, beginning with the second half of the calendar year 1933. All expenses of the board incurred in carrying out the provisions of this Act, as determined by it, beginning July 1, 1933, shall be paid from the proceeds of such assessments, and if any deficiency shall occur in such fund at any time between such semiannual assessments the board shall have power to make an immediate assessment against the banks to cover such deficiency on the same basis as the original assessment. If any surplus shall remain from any assessment after the expiration of the semiannual period for which it was levied, such surplus may be deducted from the next following assessment. *Such assessments may include such amounts as the board may deem advisable for carrying out the provisions of subsection (c) of this section.*

(c)(1) *The board, utilizing the services of the Administrator of General Services (hereinafter referred to as the "Administrator"), and subject to any limitation hereon which may hereafter be imposed in appropriation Acts, is hereby authorized—*

(A) *to acquire, in the name of the United States, real property in the District of Columbia, for the purposes set forth in this subsection;*

(B) *to construct, develop, furnish, and equip such buildings thereon and such facilities as in its judgment may be appropriate to provide, to such extent as the board may deem advisable, suitable and adequate quarters and facilities for the board and the agencies under its administration or supervision;*

(C) *to enlarge, remodel, or reconstruct any of the same; and*

(D) *to make or enter into contracts for any of the foregoing.*

(2) *The board may require of the respective banks, and they shall make to the board, such advances of funds for the purposes set out in paragraph (1) as in the sole judgment of the board may from time to time be advisable. Such advances shall be in addition to the assessments authorized in subsection (b) and shall be apportioned by the board among the banks in proportion to the total assets of the respective banks, determined in such manner and as of such times as the board may prescribe. Each such advance shall bear interest at the rate of 4½ per centum per*

annum from the date of the advance and shall be repaid by the board in such installments and over such period, not longer than twenty-five years from the making of the advance, as the board may determine. Payments of interest and principal upon such advances shall be made from receipts of the board or from other sources which may from time to time be available to the board. The obligation of the board to make any such payment shall not be regarded as an obligation of the United States. To such extent as the board may prescribe any such obligation shall be regarded as a legal investment for the purposes of subsections (g) and (h) of section 11 and for the purposes of section 16.

(3) The plans and designs for such buildings and facilities and for any such enlargement, remodeling, or reconstruction shall, to such extent as the chairman of the board may request, be subject to his approval.

(4) Upon the making of arrangements mutually agreeable to the board and the Administrator, which arrangements may be modified from time to time by mutual agreement between them and may include but shall not be limited to the making of payments by the board and such agencies to the Administrator and by the Administrator to the board, the custody, management, and control of such buildings and facilities and of such real property shall be vested in the Administrator in accordance therewith. Until the making of such arrangements such custody, management, and control, including the assignment and allotment and the reassignment and reallocation of building and other space, shall be vested in the board.

(5) Any proceeds (including advances) received by the board in connection with this subsection, and any proceeds from the sale or other disposition of real or other property acquired by the board under this subsection, shall be considered as receipts of the board, and obligations and expenditures of the board and such agencies in connection with this subsection shall not be considered as administrative expenses. As used in this subsection, the term "property" shall include interests in property.

(6) With respect to its functions under this subsection the board shall (A) annually prepare and submit a budget program as provided in title I of the Government Corporation Control Act with regard to wholly owned Government corporations, and for purposes of this sentence, the terms "wholly owned Government corporations" and "Government corporations", wherever used in such title, shall include the board, and (B) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions as provided in such title, and no other audit, settlement, or adjustment shall be required with respect to transactions under this subsection or with respect to claims, demands, or accounts by or against any person arising thereunder. Except as otherwise provided in this subsection or by the board, the provisions of this subsection and the functions thereby or thereunder subsisting shall be applicable and exercisable notwithstanding and without regard to the Act of June 20, 1938 (D.C. Code, secs. 5-413-5-428), except that the proviso of section 16 thereof shall apply to any building constructed under this subsection, and section 306 of the Act of July 30, 1947 (61 Stat. 584), or any other provision of law relating to the construction alteration, repair, or furnishing of public or other buildings or structures or the obtaining of sites therefor, but any person or body in whom any such function is vested may provide for delegation or redelegation of the exercise of such function.

(7) No obligation shall be incurred and no expenditure, except in liquidation of obligation, shall be made pursuant to the first two sub-

paragraphs of paragraph (1) of this subsection if the total amount of all obligations incurred pursuant thereto would thereupon exceed \$13,200,000 or such greater amount as may be provided in an appropriation Act or other law.

* * * * *

SECTION 8(b) OF THE SMALL BUSINESS ACT

(b) It shall also be the duty of the Administration and it is hereby empowered, whenever it determines such action is necessary—

(1)(A) to provide technical and managerial aids to small-business concerns, by advising and counseling on matters in connection with Government procurement and property disposal and on policies, principles, and practices of good management, including but not limited to cost accounting, methods of financing, business insurance, accident control, wage incentives, and methods engineering, by cooperating and advising with voluntary business, professional, educational, and other nonprofit organizations, associations, and institutions and with other Federal and State agencies, by maintaining a clearinghouse for information concerning the managing, financing, and operation of small-business enterprises, by disseminating such information, and by such other activities as are deemed appropriate by the Administration; and

(2)(B) *to allow an individual or group of persons cooperating with it in furtherance of the purposes of subparagraph (A) to make such use of its office facilities and related materials and services as it deems appropriate;* to make a complete inventory of all productive facilities of small-business concerns or to arrange for such inventory to be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States may be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State if such an inventory is available or in prospect;

(3) to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized;

(4) to consult and cooperate with officers of the Government having procurement or property disposal powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

(5) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

(6) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises which are to be designated "small-business concerns" for the purpose of effectuating the provisions of this Act. To carry out this purpose the Administrator, when requested to do so, shall issue in response to each such request an appropriate certificate certifying an individual concern as a "small-business concern" in accordance with the criteria expressed in this Act. Any such certificate shall be subject to revocation when the concern covered thereby ceases to be a "small-business concern".

Offices of the Government having procurement or lending powers, or engaging in the disposal of Federal property or allocating materials or supplies, or promulgating regulations affecting the distribution of materials or supplies, shall accept as conclusive the Administration's determination as to which enterprises are to be designated "small-business concerns", as authorized and directed under this paragraph;

(7) to certify to Government procurement officers, and officers engaged in the sale and disposal of Federal property, with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government contract. In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Administration to be a competent Government contractor with respect to capacity and credit as to a specific Government contract, the officers of the Government having procurement or property disposal powers are directed to accept such certification as conclusive, and are authorized to let such Government contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit;

(8) to obtain from any Federal department, establishment, or agency engaged in procurement or in the financing of procurement or production, such reports concerning the lettering of contracts and subcontracts and the making of loans to business concerns as it may deem pertinent in carrying out its functions under this Act;

(9) to obtain from any Federal department, establishment, or agency engaged in the disposal of Federal property such reports concerning the solicitation of bids, time of sale, or otherwise as it may deem pertinent in carrying out its functions under this Act

(10) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply, whenever it appears that any small business is unable to obtain materials from its normal sources;

(11) To make studies and recommendations to the appropriate Federal agencies to insure that a fair proportion of the total purchases and contracts for property and services for the Government be placed with small-business enterprises, to insure that a fair proportion of Government contracts for research and development be placed with small-business concerns, to insure that a fair proportion of the total sales of Government property be made to small-business concerns, and to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns;

(12) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from such agencies;

(13) to establish such small business advisory boards and committees truly representative of small business as may be necessary to achieve the purposes of this Act; and

(14) to provide at the earliest practicable time such information and assistance as may be appropriate, including information concerning eligibility for loans under section 7(b)(3), to local public agencies (as defined in section 110(h) of the Housing Act of 1949) and to small-

business concerns to be displaced by federally aided urban renewal projects in order to assist such small-business concerns in reestablishing their operations.¹⁶

* * * * *

SECTION 2 OF THE ACT OF AUGUST 10, 1949

SEC. 2. [The land] (a) *Except as provided in subsection (b) of this section, the land* authorized to be conveyed by the first section of this Act shall be used by the grantee for purposes of a site for a National Guard Armory and for training the National Guard or for other military purposes, and the conveyance of such land shall contain the express condition that if the grantee shall fail or cease to use such land for such purposes, or shall alienate or attempt to alienate such land, title thereto shall, at the option of the United States, revert to the United States.

(b) *The Secretary of Housing and Urban Development shall execute the necessary instrument or instruments to provide that a certain portion of land, not to exceed two acres, on the easterly side of the land described in the first section of this Act, as more particularly determined and designated by the Secretary of the Army, may be used for civil defense or other emergency preparedness purposes or the purposes stated in subsection (a) and that such use shall not cause the reverter clause set forth herein to become operable.*

* * * * *

MINORITY VIEWS

DEMONSTRATION CITIES

“TOO MUCH * * * WHEN THE COST IS HIGHEST”

The investments you are making in your cities are vital to our future. We would like to complete them all at once. But if we attempt to do too much, too soon, we will end by accomplishing less by borrowing our money, by issuing bonds when the cost of money is at the highest point in several years—when costs are skyrocketing and materials and skilled labor are scarce * * *. I ask you to go home and get out your lead pencil—and take a good hard look at your next quarterly budget expenditures.

(President Lyndon B. Johnson before the National Legislative Conference, National League of Cities, March 31, 1966.)

This amendment denies the leadership of the House in many of its particulars. It would still produce not so much an *omnibus* housing bill as an *ominous* housing. If passed, it will still give away much of the national legislative controls belonging to the Congress and also those local controls which belong to the communities of the Nation. It will use the power of the Federal purse to first stultify the local knowledge essential to the working of a much needed demonstration city program, and, second, to ratify the mistakes, faulty planning, and misleading promises of the Department which has insisted on its proposals in the face of their manifest impossibilities.

The minority wants a program for our cities which will stress an increase in decent housing for citizens with low and moderate incomes. For the past several years minority members of this committee have introduced bills to turn the present housing and urban renewal program in this direction. The minority welcomes the change in attitude indicated by the demonstrations cities program. But it insists on a program which is free of the misconceptions in planning which characterize the legislation as first offered by the administration.

The minority endorses the concept of demonstration cities, its breadth, and its sweep as revealed in the findings and declaration of purpose. The minority, however, cannot endorse the specifics which follow these findings and declaration of purpose because they not only are faulty but also they endanger existing programs in the housing field upon which communities, families, and individuals are depending.

It is the position of the minority that no amount of face saving is worth the havoc that would be caused by a program conceived in wishful thinking, based on half truths, and executed with more pride than skill. The minority believes this doubly true since the promises made in behalf of this bill are far in excess of any possible performance.

HIGH HOPES AND LONG SHOT ODDS

The Department has shamefully lobbied for this legislation, stressing to the individual Members of Congress that any city is *eligible* to participate in the city demonstration program. The plain fact of the matter is that of the hundreds and thousands of cities in the country, perhaps a high of 50 or less can expect to participate in the program. The chances of any city participating under the conditions of S. 3708 are at best a 20-to-1 shot during the supposed 2-year life of the program.

To avoid calling a spade a spade, the Department first spoke of spending \$2.3 billion on demonstration city inducements, and then at the last moment covertly slipped in an additional \$600 million authorization for urban renewal in demonstration cities exclusively. Why? Because Department officials were made to face their own faulty arithmetic by knowledgeable Congressmen.

This bill now calls for \$1.15 billion. It could well be 30 times \$1.15 billion, or more if the Department means to do what it has led the city officials of the United States to believe it can and will do.

This is the great danger of the program as proposed—that it will be used as a political “lure” to entice political support in the hope of generous Federal bequests. If this is allowed to happen, then a potentially valuable effort will be tragically compromised. The myriad problems confronting our cities desperately need to be solved. To do so will require the best in engineering and economic thinking—not the juggled arithmetic put forward by the Department as its panacea.

It has become increasingly obvious to most that almost all of our older and larger cities are faced with physical, social, and economic blight which threaten their continued viability and the well-being of adjacent communities. These cities contain substantial investments, the preservation of which is in the interest of our total economic and social life. These areas must be carefully identified and worked into a demonstration city program. But to hold out as bait, the hope that Federal funds for this purpose may be made available to every nook and cranny of the United States, is neither the part of sense nor honesty.

The country can neither afford such an operation, nor staff it, the Bureau of the Budget and the Department of Housing and Urban Development to the contrary notwithstanding. HUD has trouble coordinating its own programs and their newly arising problems. How can it hope to coordinate those of other departments and agencies as well?

PLAN NOW—PAY LATER

The departmental proponents of demonstration cities are saying we are only planning now and it does not have to cost much.

The trouble is the Department's brain trusters were elaborately casual, not to say careless, in their planning. This is in a pattern. The medicare advocates, trying to slip one more idea into an overloaded program for the elderly, were perfectly willing to do so even at the risk of making the entire program unworkable. The same practice is now at work again.

We are once again faced with the situation where our ivory-tower specialists in the Department, secure and isolated in their cloistered retreats, made their paper research calculations, read the latest news

dispatches on violent demonstrations, and too hastily produced a solution—ideal in concept, but short on practicality and void of impact intelligence

The net result was that they came before the Congress in March asking for \$2.3 billion for demonstration cities, and were back seeking an additional \$600 million more for their same flimsy plans by June. The Congress and the country deserves better thinking.

The cost of the program as passed by the Senate is \$1.15 billion. This is supposed to run only 2 years. Expenditures have been estimated at \$500 to \$600 million annually. Testimony, however, taken from only 11 of the 16 mayors who appeared before the House subcommittee, put their needs, in terms of a demonstration city program, at over \$8 billion. Since the Department is talking in terms of 50 or 60 or 70 cities, while carefully encouraging all cities to think of themselves as "eligible," the program if it is to work will require much more than what we are asked to authorize.

COORDINATOR OF FEDERAL ACTIVITIES

There are 43 programs which HUD thinks could be included in a city demonstration program. Of these 43 programs, 10 are within HUD, 25 within HEW, 2 each in the Departments of Agriculture, Commerce, and Labor, and the Office of Economic Opportunity. The HUD programs are urban renewal, neighborhood facilities, mass transit, open space, urban beautification, water and sewer facilities, community renewal, code enforcement, demolition grants, and low rent public housing, a list indicating the extent of the Department's intrusion into community life which it obviously hopes to expand.

The last named of the HUD programs, low rent public housing, is already a completely federally funded program. Consequently, it would be a natural conclusion that it would not be possible for it to obtain additional Federal funds for its direct operation. Under the demonstration cities program, however, it can.

Inquiry on this point, the transfer of funds within the various programs covered by any city's demonstration plan, was made during the hearings and the possibility was denied by the Department at that time. Now this same transfer of funds is presented by the agency as one of the more flexible advantages of the program. As the operation is explained by Department officials, all of the local contributions that any of the programs included in the demonstration city plan are required to make under present law are added together to obtain a grand total. Of this total, 80 percent is turned over to the demonstration city agency to use as it sees fit. The agency may even use the funds for a program which did not contribute to the 80-percent grant, because it is already completely funded federally—so long as the program is included in the demonstration city plan. Thus, low rent public housing, which makes only a theoretical contribution, could have its subsidy payments increased under the proposed formula if the demonstration city so desires.

THE CHOSEN FEW

Another largely overlooked fact is what would happen to the big contributor, urban renewal. Figures from the Department indicate that 60 percent of the funds made available under the demonstration

cities program will flow to urban renewal operations. Dr. Weaver says the demonstration cities program will be spending \$400 million a year. Sixty percent of that will be \$240 million. This is the 80-percent new Federal contribution of the local urban renewal share. The city still has to contribute 20 percent, which would be \$60 million. Added to the \$240 million, that gives us the one-third local contribution of \$300 million for urban renewal. The additional two-thirds that the Federal Government still has to put up for the urban renewal operation proper amounts then to \$600 million. Available for urban renewal use as of July 1, 1967: \$750 million. From this \$750 million, \$600 million will be available for a few demonstration cities, presently said to be 50, although it well could be less, leaving \$125 million for the more than 600 other cities who are active urban renewal applicants.

There are 595 cities in the country that have populations of 30,000 and over, and hence are eligible for membership in the U.S. Conference of Mayors. The National League of Cities, which has no population limits, has a membership of over 13,000. To protect the nondemonstration cities, which obviously will be in the majority, there is in the bill a provision proposing to add \$250 million for the exclusive use of urban renewal projects in demonstration cities. This, however, despite the explanation that it was to be a one-time authorization good for the entire 2-year life of the program, is by our previous calculations only enough to last a year. If the urban renewal use of demonstration city funds goes above 60 percent—as it well may—the \$250 million may be wiped out in much less than a year.

If this is intended as a 2-year authorization, it is too little to avoid the harm that could be done to nondemonstration cities. If it is intended to be a biennial appropriation, the Congress should know it to insure proper understanding of just what this program entails in the way of expenditures and where it is heading. Anything else is too expensive a price to pay for the Department's lack of prior planning.

This late addition of a specific authorization of \$250 million for demonstration city urban renewal projects exclusively is proof of the completely unrealistic approach to the impact possibilities of the bill. The urban renewal program, by inference and admission, will command the majority of the funds authorized. Subsection (2) of section 103 of the amendment, which sets up the conditions which any city must fulfill, have major reference to such matters as the *arrest of blight and decay, development of the city, maximum opportunities for employing residents of the demonstration area in all phases of the program, relocation plans, maximum opportunity for choice of housing accommodations by all citizens, etc.* This spells out urban renewal activities on a large scale and was confirmed by the Secretary in testimony before the subcommittee and elsewhere.

The significance of this for the nondemonstration cities becomes even more apparent when it is known that the \$725 million authorization made available on July 1, 1966, will shortly be exhausted by the Department's backlog of applications. In other words, in less than 2 months, if the Department's processing holds up, the authorization for fiscal 1967 will be used up.

Under the demonstration cities formula, this makes a bad matter worse.

How bad the formula is becomes even more apparent when it is remembered that there are 407 urban renewal projects, as of the end of 1965, which are operating under the one-fourth local, three-fourths Federal formula. These are the cities which are either under a certain size, in depressed areas, or did their planning at their own expense. Obviously, the Congress thought the municipalities falling into any one of these three categories deserved more favorable terms from the Urban Renewal Administration.

Equally obvious is that 80 percent of one-fourth is a lot less than 80 percent of one-third. Thus, the demonstration cities formula goes a long way here to wipe out the previous intent of Congress.

The foregoing may be a little hard to grasp because of the fact that the demonstration cities formula applies only to the local one-third or one-fourth contribution that the city makes. Generally there is a tendency to overlook the fact that this is only a part of the urban renewal operation and that under the demonstration cities formula a part twice or thrice as large can be triggered, obligating a majority of the funds, possibly all of them, that are available under urban renewal for the exclusive use of a few communities chosen as demonstration cities.

COSTS

Regardless of the above, one fact stands out: If this bill passes in its present form, \$500 million a year, minimum, would be spent for the next 2 years for not more than 50 of the cities of the United States—the cities to be determined by the Secretary of HUD.

The Congress must face up to the fact that HUD officials from the Secretary on down, with billions of dollars at their disposal, will have more power over urban and suburban life than any mayor or Governor in the country.

FEDERAL-METRO GOVERNMENT

Thus we seek to recapture control of the use of land, most of which the Government has already given to people.—

Dr. ROBERT C. WEAVER.

We agree with the findings and declaration of purpose of title II (grants to assist in planned metropolitan development).

We agree that "the welfare of the Nation and of its people is directly dependent upon the sound and orderly development and the effective organization and functioning of the metropolitan areas in which two-thirds of its people live and work."

We agree that "the continuing rapid growth of these areas makes it essential that they prepare, keep current, and carry out comprehensive plans and programs for their orderly physical development * * *."

We concur in the view that "metropolitan areas are especially handicapped in this task by the complexity and scope of governmental services required in such rapidly growing areas * * *." Moreover, we agree with the President's observation in his message of January 26, 1966, accompanying this bill, that "the absence of cooperation between contiguous areas is wasteful. It is also blind to the reality of urban life." The President further mentioned: "What happens in the central city, or the suburbs, is certain to affect the quality of life in the other."

We do not agree, however, that title II of this bill is the proper means of achieving these objectives.

MORE INVOLVED THAN COST

During this inflationary period we might be expected to base our objections to the proposed "metro" development title of this bill on the basis of budgetary considerations alone.

Secretary Weaver suggested in his testimony that the first-year cost would be about \$25 million for just a dozen metropolitan areas. He further estimated that within 5 years about 75 metropolitan areas, embracing a combined population of around 60 million, might qualify for supplemental grants under the metro title of the bill. Projecting this estimate, we therefore assume that within a relatively short time the 231 officially designated metropolitan areas throughout the country would require approximately \$500 million per year in additional Federal grants if title II were enacted. In short, it is clear that we are talking about a multi-billion-dollar program which gets its foot in the door with a purportedly "modest" authorization.

Clearly, it would be easy to make a case on budgetary impact alone. But we would rather not, for to do so would be to avoid the real issues involved in this far-reaching proposal—issues that would confront us long after budgetary considerations might fade from view.

NEW LEVEL OF GOVERNMENT

The proposed metro development title of this bill would serve to divide the country into new Federal community development districts—a new administrative or political unit that would look to the Federal Government rather than the States, cities, and other localities for guidance. Title II would place the shadow of HUD over every metropolitan area in our country. Virtually every local governmental decision of any magnitude, in areas accepting supplemental Federal aid, would be subject to review by the Secretary of HUD.

This, more than any other proposal ever to come before our committee, drastically would reshape our Federal form of government.

HASTY CONSIDERATION BY COMMITTEE

In many respects, we regret that the proposed demonstration cities program as provided in title I has so dominated the consideration of this bill. Because of this, entirely too little attention has been paid to the metro government proposal. Every Member of the House should be aware of the questions raised by the language of this title. The following will attempt to point out just a few.

Section 205(b) of the bill says:

Grants may be made under this section only for metropolitan development projects in metropolitan areas for which it has been demonstrated, to the satisfaction of the Secretary, that—

(1) metropolitanwide comprehensive planning and programing provide an adequate basis for evaluating (A) the location, financing, and scheduling of individual public facility projects (including but not limited to, hospitals and libraries; sewer, water, and sewage treatment facilities; highway, mass transit, airport, and other transportation facilities; and recreation and other open-space areas) *whether or not federally assisted* [italic

supplied]; and (B) other proposed land development or uses, which projects or uses, because of their size, density, type, or location, have public metropolitanwide or interjurisdictional significance;

(2) adequate metropolitanwide institutional or other arrangements exist for coordinating, on the basis of such metropolitanwide comprehensive planning and programing, local public policies and activities affecting the development of the area; and

(3) public facility projects and other land development or uses which have a major impact on the development of the area are, in fact, being carried out in accord with such metropolitanwide comprehensive planning and programing.

SATISFACTION GUARANTEED

Accordingly, before approving "incentive grants" the Secretary must be satisfied that the metropolitan planning affecting the applicant State and local public body or agency evaluate the location, financing, and scheduling of individual public facility projects, *whether or not such projects are federally assisted*. Consequently, Secretary Weaver and his successors would have substantial control over local metropolitanwide location, financing, and scheduling of any public facility projects that have areawide impact.

Which projects would have areawide impact? We don't know. The bill makes no attempt to tell us. They could include hospital, library and highway projects, mass transit, sewage, water, and other large-scale Federal-aid projects. On the other hand, the Secretary could impose his judgment over the location, scheduling, and financing of local parking facilities, traffic control equipment, municipal buildings, recreation parks, and even local public school facilities.

It could be contended by the Department of HUD that virtually any one of these types of locally financed projects could have metropolitanwide impact. Indeed, the language of the bill itself in section 205(b)(1) suggests that they would be included in the Secretary's consideration of additional Federal aid incentive grants.

Furthermore, according to the language of the bill, it is difficult to conceive of any type of local project that would not have to meet with the Secretary's "satisfaction" for metropolitan planning prior to receiving additional Federal grants. According to the bill "other proposed land development or uses, which projects or uses, because of their size, density, type, or location, have public metropolitanwide or interjurisdictional significance" would have to meet the criteria established by the Secretary. If this language doesn't embrace practically every normal function of local government, we don't know what does.

During the hearings, the Secretary of HUD denied that title II of the bill is aimed at creating metro governments throughout our country. Yet, contrary to his testimony, the bill would encourage through incentive grants "metropolitanwide institutional or other arrangements" for "coordinating, on the basis of such metropolitanwide comprehensive planning and programing, local public policies and activities affecting the development of the area." If this isn't

the clearest definition of what constitutes the ultimate in metro government, we wish the Secretary would tell us what is.

LET THE PEOPLE DECIDE

This brings us to an important point, and one upon which our opposition hinges. We are not at this point in a position to cast a final judgment as to the need for creation of metro governments to solve our growing urban problems. Under our Constitution, it seems to us this is something that should be decided by the people within those metropolitan jurisdictions. We all know that there have been hundreds of local referendums on the metro question. As a matter of fact, this happens to be one of the most controversial local issues to have come to the surface in decades. In only a few instances have the people voted to embrace this concept of government—and then on only a limited scale.

As controversial as metro already is at the local level, we feel that it would be far more so if those who support metropolitan planning and/or government were also asked if they would further support the metro concept under the direction and supervision of the Federal Government. That the Federal Government and specifically the Department of HUD would dominate any such new governmental relationship is made clear by the language of the bill. Section 205(c) states:

Where the applicant for a grant under this section is a unit of general local government, it must demonstrate to the satisfaction of the Secretary that, taking into consideration the scope of its authority and responsibilities it is adequately assuring that public facility projects and other land development or uses of public metropolitanwide or interjurisdictional significance are being, and will be, carried out in accord with metropolitan planning and programing meeting the requirements of subsection (b). In making this determination the Secretary shall give special consideration to whether the applicant is effectively assisting in, and conforming to, metropolitan planning and programing through (A) the location and scheduling of public facility projects, whether or not federally assisted; and (B) the establishment and consistent administration of zoning codes, subdivision regulations, and similar land-use and density controls.

THE FEDERAL ZONING BOARD

We think it is particularly interesting that the Secretary "shall give special consideration" to those applicants for additional Federal grants who effectively are assisting in and conforming to metropolitan planning and programing through "the establishment and consistent administration of zoning codes, subdivision regulations, and similar land-use and density controls."

In his "special consideration," how far could the Secretary's powers go?

What constitutes "consistent administration" of zoning codes? Consistent with what?

Does this mean that the Secretary would only grant incentive Federal aid to those communities whose zoning codes, subdivision regula-

tions, and similar land-use and density controls are administered locally in a manner consistent with the views of Federal planning officials? We think the question answers itself. In this particular case, the language of the bill is entirely too explicit in its intent.

If the Congress decides to grant to the Secretary of HUD the power to determine the disposition of additional billions of Federal aid on the basis of whether or not applicant communities are administering their zoning codes in a manner consistent with Federal planning, then Federal-metro government will be a reality.

Those who fear the concept of metro government because of "downtown" dominance will wake up and find that their fears were misplaced. Under the Federal-Metro concept, all true power will reside not with the city, but with the Secretary of HUD.

COME UP AND SEE ME SOMETIME

In answer to a question from Congressman Widnall during the hearings as to the degree of Federal-metro government suggested by the language of the bill, Secretary Weaver said:

This is a supplemental grant given to those who voluntarily decide that they want to cooperate in order to get a metropolitanwide approach. If they do not want it, they certainly do not have to do it, and many of them will not do it.

What the Secretary was referring to was the old tried and true carrot-and-stick approach of sections 205, 206, and 207. In an effort to achieve the goals of so-called metropolitanwide planning under the guidance of the Federal Government, communities would be given an opportunity to receive an extra dividend of 20 percent of cost of a project, providing they meet the conditions set forth in the bill.

These extra dividends in Federal aid were carefully chosen for their far-reaching impact on basic water and sewage facility programs, the Public Health Service Act, the Library Services and Construction Act, the Federal Water Pollution Control Act, Federal Airport Act grants, urban mass transit grants, land and water conservation fund grants, Federal-aid ABC highway grants, as well as the Public Works and Economic Development Act grants. Most of these programs currently are on a 50-50 matching basis. To the communities that agreed to enter into metropolitanwide planning and that satisfied the requirements imposed by the Secretary of HUD, these 50-50 funds would be increased by at least 20 percent, up to a maximum of 80 percent Federal aid.

FEALTY OVER NEEDS

We particularly object to the fact that these added incentives for areawide planning would in no way be based upon the needs of the communities in relation to the needs of others. Where metropolitan areawide planning already is in a relatively advanced stage for one reason or another, the rewards could be substantial. On the other hand, the areas of most critical need might very well be the last to receive these additional Federal grants-in-aid.

To cite just one Federal-aid program that drastically would be affected by title II, we need only look at the so-called ABC Federal-aid highway program. Over a period of more than 10 years, the Committees on Public Works and Ways and Means have developed

a formula for financing this multi-billion-dollar program. The 50-percent Federal share comes from the highway trust fund entirely out of user tax receipts. The Congress has for many years rejected the idea of non-highway-user payments for highway-user needs. Yet, in this bill, we completely would destroy the delicate balance that has been achieved between highway-user and non-highway-user groups.

We would for the first time destroy the concept of the highway-user trust fund which has served us so well since 1956. Moreover, your committee has done so without any consultation whatsoever with the two committees which have handled this program since its inception. This same criticism equally would apply to the other Federal-aid programs mentioned above.

It would be a mistake for the Congress on such a broad scale to abandon the concept of Federal aid based upon local needs, and replace it with a system of grants in aid based on fealty.

One final point on the language of the bill. The bill doesn't even tell us which areas would be eligible. Neither the language of the bill nor the legislative history of the measure give any indication as to what the Secretary should or would consider "appropriate" as a "modification" or an "extension" of standard metropolitan areas as we know them. Section 208(4) defines an eligible metropolitan area as being a "standard metropolitan statistical area as established by the Bureau of the Budget, subject however to such modifications and extensions as the Secretary may determine to be appropriate."

Presumably, through the grant of additional Federal funds he could urge the creation of a metropolitan area extending from Boston to Richmond, holding out as an inducement 70- to 80-percent Federal aid as opposed to the traditional 50-percent Federal contribution for an imposing array of huge Federal grant-in-aid programs. The urge for creation of such a new metropolitan area by Federal planners would be irresistible. But we are confident the people residing in this rapidly growing area would not want to have the Federal Government determine for them such purely local matters as zoning, subdivision regulations, and similar land-use and density controls.

REASONABLE SOLUTION

At the outset, we said that we agreed with the basic findings and purposes and the need for additional metropolitan planning. S. 561, passed unanimously last year by the Senate and currently before the House Committee on Government Operations, addresses itself to the need for comprehensive planning of land use for resident, commercial, industrial, and other purposes and other facets of urban development. Under that bill, areawide metropolitan or regional planning would be required as a prerequisite for a broad range of Federal grant-in-aid projects. The difference is that S. 561 would require this comprehensive planning as a condition for grants as presently constituted. Moreover, it would rely on commonsense and good will to persuade local governing bodies to accept planning decisions; it would not be mandatory. S. 3708, on the other hand, would require areawide planning as a condition of increasing the Federal share without regard to needs, and local governing bodies would have to accept the planning decisions.

Earlier this year, in his budget message, the President asked that the Congress speedily enact S. 561. We heartily concur. Passage of

S. 561 would encourage comprehensive metropolitanwide area planning at the local and State levels—precisely where such plans should originate. Title II of S. 3708, on the other hand, makes clear that such metropolitanwide plans would be under the thumb of the Secretary of HUD, leading inevitably to the creation of Federal-Metro government throughout our Nation.

Furthermore, we note that urban planning grants under section 701 of the Housing Act of 1954, involving \$31.1 million, have been approved for 408 metropolitan and regional areas as well as 88 projects involving \$12.3 million for statewide agencies. Secretary Weaver's testimony did not give a report on the results of these. Before approving an entirely new metropolitan planning grant program to be superimposed over the existing one, the Congress should first evaluate past experience under the existing program.

DON'T CALL US; WE'LL CALL YOU

Section 202 of this title (cooperation between Federal agencies) would insure that the Secretary of HUD would be authorized to—

call upon other Federal agencies to supply such statistical data, program reports, and other materials as he deems necessary to discharge his responsibilities for metropolitan development * * *.

It further asks that—

all Federal agencies which are engaged in administering programs related to metropolitan development, or which otherwise perform functions relating thereto, shall to the maximum extent practicable, consult with and seek advice from all other significantly affected Federal departments and agencies in an effort to assure fully coordinated programs.

Section 203 further authorizes the Secretary to appoint "metropolitan expeditors" for each metropolitan area which he finds needs and desires it. The metropolitan expeditor would—

provide information, data, and assistance to local authorities and private individuals and entities within the metropolitan area, and to all relevant Federal departments and agencies, with respect to all programs and activities conducted within such metropolitan area by the Department of Housing and Urban Development, and with respect to other public and private activities and needs within such metropolitan area which relate to the programs and activities of the Department.

The language of this title makes clear the effort by the Department of HUD to take unto itself vast discretionary controls over virtually every other department and agency of the Federal Government.

With the power to increase substantially the Federal share of already multibillion-dollar Federal-aid grants to States and localities for highways, water pollution, libraries, hospitals, sewage, airport, and recreation programs, we can only imagine the powers implicit in title II. Furthermore, the bureaucratic jurisdictional disputes that likely would arise would be mammoth.

We realize that the growth of several Federal-aid programs has brought with it a degree of Federal control. Many of us have already expressed varying degrees of displeasure with some of these controls. However, when a community seeks out the Federal Government to pay 50 percent or more of the cost of a local project, it must expect at least some direction from Washington. But to draw together a vast collection of these Federal-aid programs and place over them a second layer of Federal control over purely local matters such as zoning and subdivision regulations would far exceed the proper role of the Federal Government in our society.

LORELEI BECKONS

You will be urged to support title II, to disregard warnings of unprecedented Federal controls over purely local matters such as zoning and subdivision regulations on the basis that all this is a quid pro quo for substantial Federal incentive grants. You will be assured by proponents, "If local communities don't want to comply, they don't have to ask for the supplementary Federal grants."

Perhaps. However, a few years following enactment, the rewards for compliance available under title II suddenly would become *penalties for noncompliance*. Incentives of today will become the penalties of tomorrow. Today's incentives will be tomorrow's penalties.

And when local communities are penalized for failure to comply with Federal-metro standards, the die will have been cast.

You Can FIGHT CITY HALL

To whom would the people turn to exert their proper voice in local and even metropolitan government?

To whom would they protest a zoning decision or the location of a Federal-aid highway? To an appointed metropolitan counsel? To the Federal metropolitan expediter? To the Secretary of HUD?

Certainly not to their local town council or to their mayor—or their Representative in Congress.

We will not assert our displeasure with title II with the hackneyed warning that these are powers that might be entrusted to Secretary Weaver, but not to his future successors in office. On the contrary, we will be bold enough to say that they should not be entrusted to *any* Secretary of HUD, including the incumbent.

After several months' consideration, the Subcommittee on Housing in its wisdom at one point had decided to delete title II from the housing bill. Unfortunately, various pressures were exerted by the Department of Housing and Urban Development and this and other sections of the bill were restored and reported favorably by your committee.

We urge the House to strike title II in its entirety. To do otherwise would be to impose a broad new form of government upon millions of Americans who, we are certain, would overwhelmingly reject Federal-metro government.

Section 108 of the present bill keeps authorized funds, once appropriated, available past the point of the termination of the program as listed. (To be remembered here is the fact that as of January 31, 1966, there were \$7.6 billion urban renewal funds authorized since

1949. Of this \$7.6 billion, \$5.6 billion has been committed but only \$1.5 billion spent.) The demonstration city program could take some time to move to an end, undoubtedly at great expense, possible never.

The HUD Secretary, with the possibility of coordinating 10 of his own programs with 33 others of other departments and agencies, is required to consult with those departments and agencies prior to making any grants under the bill. All he has to do is consult. *The consultation is not binding in any particular.*

This brings up section 103, subsection (b) of the amendment. This is the usual "boilerplate" which is said to give the Secretary flexibility in issuing regulations, etc. It also gives the Secretary the power to do just as he wishes.

All of this should alarm any community wishing to preserve its independence. They should not be deceived by the provisions that require local governing body approval. In all cases, the Secretary still has the power to decide whether the demonstration city applicant has the necessary administrative machinery to implement the program. This provision can be easily used to shut out small cities desiring to be included in the demonstration city program.

The minority's point is that the program as proposed in the new administration bill is *narrow, limited and expensive, but unplanned as regards existing programs.* To do the job as it should be done, we need planning not so much on the local level as we do on the national level. We cannot afford planning that has overlooked impact possibilities, that jeopardizes the operation of existing programs, that is subject to such political manipulation as to threaten whole communities with economic coercion.

Once again, this is not so much an *omnibus* housing bill as it is an *ominous* housing bill. The country needs the first, not the second.

BANKER'S BONANZA

Tucked away in title IX, the "Miscellaneous" title of the bill, is a provision in section 905 which would put the Federal National Mortgage Association in the lending business. At present, FNMA's operations are confined to providing a secondary market for FHA- and VA-insured mortgages.

Under this new provision, FNMA could participate up to 95 percent in making construction loans for cooperative housing under FHA section 213, or housing for moderate income and displaced families under FHA section 221(d)(3) in cases in which FNMA has issued a commitment to purchase the mortgage upon completion of construction.

In construction lending on FHA-insured advances, a banker or other lender engaging in such financing usually obtains a 5½-percent interest return on funds advanced, and charges servicing and processing fees amounting to 2 percent of the total amount of the funds advanced. The loans are made for a period of 6 to 18 months depending upon the nature of the project.

The maximum mortgage amount under FHA section 213 is \$25 million, and under FHA section 221(d)(3) the maximum is \$12.5 million. Assuming the maximum mortgage amount of \$25 million and a 2-percent servicing fee, this means that a construction lender could put up \$1,250,000, obtain \$23,750,000 from FNMA and collect a servicing fee of \$500,000 on the \$25 million construction loan. To this would be added the \$34,375 of interest he would collect on the \$1,250,-

000 of his own funds that he had advanced in the transaction over a 1-year period. The \$534,375 return on a \$1,250,000 investment is indeed an outrageous bonanza for a banker or other construction lender. The gross return on the lender's investment is 42.5 percent.

This is carrying the high interest policies of this administration too far. The provision should be stricken from the bill and FNMA confined to its established secondary mortgage market operations.

PAUL A. FINO.

FLORENCE P. DWYER.

W. E. BROCK.

BURT L. TALCOTT.

DEL CLAWSON.

ALBERT W. JOHNSON.

J. WILLIAM STANTON.

CHESTER L. MIZE.

SUPPLEMENTAL VIEWS OF CONGRESSMAN WILLIAM B. WIDNALL

We are told that the proposed Demonstration Cities Act would help the poor and disadvantaged in our restless cities. For the past 17 years we have been told that slum clearance and urban renewal would do likewise. Now we are told, by Secretary Weaver himself, that urban renewal has never lived up to its promise. And yet, instead of improving upon the multibillion-dollar program already in existence—urban renewal—and regearing it to meet the true housing needs of our urban populations, we are handed still another huge program.

My efforts over the past several years to change this deplorable situation with respect to the urban renewal program have more often than not been met with the statement by HUD that urban renewal cannot be tampered with for fear of losing flexibility. Flexibility for what? Do they mean the kind of flexibility that has constructed luxury high rise apartments and promoted commercial downtown renewal at the expense of the low- and moderate-income citizens left behind in the ghettos? Do they mean the kind of flexibility that has fostered the explosive situations in city after city that we face this summer?

We are told that, whatever the problems of urban renewal in the past, since 1961 residential renewal has been emphasized. Yet a Library of Congress study using HUD data shows that the following major cities have had the following high percentages of funds approved for nonresidential, commercial projects in the last 5 years: Atlanta, 97 percent; Baltimore, 77 percent; Boston, 62 percent; Chicago, 60 percent; Cleveland, 49 percent; New York, 56 percent; Philadelphia, 75 percent.

Speaking for myself, my patience with the present trends in urban renewal has about come to an end. If a city qualifies for demonstration city assistance, then why should it be permitted to continue at the same time with residential urban renewal projects completely inconsistent with the goals set forth for the new program? And why should only demonstration projects in demonstration cities be required to produce "a substantial increase in the supply of standard housing of low and moderate cost and result in marked progress in serving the poor and disadvantaged people living in slum and blighted areas"? Do we need a 6-year demonstration program to prove that in both the few demonstration cities and the thousand other urban centers not so designated there is a need for improvements in the quantity and quality of housing in low- and moderate-income residential areas?

During the executive committee session on this bill, I offered an amendment to the urban renewal laws—an amendment that in no way would have affected the demonstration cities program. Instead, it would have set a priority in the existing multibillion-dollar urban renewal program emphasizing the needs of those with low and moderate means, using the language quoted above from the demonstration cities bill itself. It was rejected on a straight party line vote. The reason? Flexibility.

I shall offer this same amendment when the bill reaches the floor. For my part, I view the proposed Demonstration Cities Act as a unique opportunity for the Congress. It can provide a test of the sincerity of those who desire its enactment. If they want demonstration cities, then let them first put their urban renewal house in order. Let them restrict urban renewal grants to those cities who are interested in housing the poor instead of accommodating the rich. Had we kept our urban renewal program on the right track all these years, possibly millions of our citizens of all races and backgrounds would not be living in fear for their very lives and properties this summer.

WILLIAM B. WIDNALL.

SUPPLEMENTAL VIEWS OF CONGRESSMAN PAUL A. FINO

According to the census, there are about 60 Members of this House who represent entirely urban districts. I am one of them. So when I oppose this bill, I oppose it as a Representative from a 100 percent urban New York City constituency. What is more, I am representing my constituency's wishes. Not one of my constituents has written to me in support of this bill, but scores have written to protest the way it would give Secretary Weaver and U.S. Education Commissioner Howe *dictatorial* powers over city living patterns.

THREAT TO NEIGHBORHOOD SCHOOLS

My people know what Dr. Weaver wants this control for. He wants to control zoning, location of rent supplement housing, and other facets of so-called "open occupancy". They know why Commissioner Howe likes this bill. It will give him the tools to undermine the neighborhood school in the name of "racial balance". School districts are to be run from suburbs to slums, says Mr. Howe. My constituents say "No". They have asked me to fight for the neighborhood school. I offered two amendments in committee to take away the power Secretary Weaver gets in the bill to kill the neighborhood school. My amendments were rejected. The administration does not want anything to get in the way of its plans to end the neighborhood school.

NINETY-SIX BILLION DOLLARS AID IN LAST 10 YEARS HAS FAILED

I have heard a lot of talk about the need to head off the "explosion" of the ghettos. This administration ought to stop tossing out incendiary promises. Senator Ribicoff said recently that \$96 billion has been spent by the Federal Government in our cities over the last 10 years. And now \$1 billion spent during a 2-year period is going to perform miracles. This is obvious demagoguery on the part of the administration. All this bill is *really* designed to do is force Federal control on our cities; to make them accept Federal social criteria straight from the backroom social planners down at HUD or the Office of Education.

PRESIDENT ADMITS BILL IS A "SLEEPER"

President Johnson has referred to this bill as his "sleeper". At a White House strategy meeting, he told key leaders that this bill contained "sleeper" provisions that would give him massive powers over our cities. The President noted that the program would eventually require "upwards of \$100 billion". This is not my figure. It is the President's. At the present, he wants control, pure and simple, but a vote for this program is a vote to set up a \$100 billion program *simultaneously* with the string of Asian "brush-fire" wars the President expects to fight because of Asian "poverty". These grandiose

Presidential plans already have the United States on the financial and foreign policy rocks.

COMMISSARS ARE COMING

Let me say that when the President wants control, he wants it, and there will be nothing "voluntary" as it says in the bill, about the commissar-like "expeditors" he plans to send into the cities. Let me quote the President: "I will see that Federal expeditors are appointed in all the major cities."

BILL CALLED TROJAN HORSE

James J. Kilpatrick, writing in the Washington Star, has called this bill a "Trojan Horse" and has said that if the people knew what was in it, they would "hang its sponsors." Perhaps his language is a bit extreme, but let me suggest that you read sections 103 and 205 for yourself.

Because little has been written about the real meaning behind the legalisms and verbiage of the bill, I have prepared the following outline of the key sections of the bill, and I have included some pertinent quotes from appropriate officials regarding the way some of the language is to be implemented.

ANALYSIS AND EXPLANATION

A. DEMONSTRATION CITIES (TITLE I OF THE CMNIBUS BILL)

1. The idea here is to give qualifying cities bonuses of up to 80 percent of the non-Federal contribution regarding certain Federal-aid programs if the cities in question will submit to Federal planning and social criteria.

(a) For example assume a city has three types of urban development-connected federally aided projects going on, all carrying Federal grants of 50 percent. Under this bill, the Federal Government can give bonus payments of up to 80 percent of the remaining 50 percent (the non Federal share). So the Federal Government can offer to pay 90 percent of the total cost of these Federal-aid projects instead of just 50 percent if the city will submit to the Federal criteria. On top of its original 50 percent payment the Federal Government will make a lump sum payment of a further 40 percent.

2. This being the case, the guts of the "demonstration cities" program are the *criteria* that cities *must* submit to in order to qualify as "demonstration cities".

(a) The Federal Government can afford to be tough because if Congress sets up this program, Federal aid will be concentrated in "demonstration cities" and others will be left out, so there is an indirect "carrot" as well as a "direct" carrot. Most cities will be left out, since there will be only 50 "demonstration cities."

(b) Cities get to be "demonstration cities" by submitting a "plan" *which includes projected conformity with and compliance to listed Federal criteria*. In other words, only those cities promising to do what the Federal Government says will get on board the program which the Federal Government hopes to make into its vehicle of funding urban areas. Other cities which balk at

the social criteria will see Federal dollars being monopolized by subservient "demonstration cities".

(c) By passing this bill, Congress would be putting an economic pistol to the heads of our cities—all in the name of social coercion.

3. The Federal criteria to which a city must agree to submit are detailed in section 103 of the proposed bill.

(a) Among the criteria in section 103.2 is a requirement that the plan include "educational services * * * for the disadvantaged."

(b) This can only be seen in the light of the philosophy and announced programs of Harold Howe, U.S. Education Commissioner. So I include the following excerpts from the statements of Mr. Howe.

In the August 12 Wall Street Journal, a banner headline proclaimed "Federal Officials Now Favor End to Tradition of Neighborhood School" and talked of Commissioner Howe's plans to redraw New York City school districts and bus children to achieve racial "balance." Norman Hearn, a Howe aid, is quoted as favoring the busing of white children for purposes of ending "racial imbalance," calling it "quality education."

In a May 3 speech at Columbia University, Commissioner Howe ridiculed the suburban way of life and told an audience of social planners that "if I have my way, the suburban school districts will be gerrymandered so that they reach into the inner city and take in some of the slums." Slum districts would also be gerrymandered so that some suburban children had to attend school in slum districts. Mr. Howe went on to say that "if I have my way, schools will be built for the primary purpose of social and economic integration."

In Chicago on May 13, the Commissioner said he is contemplating some "drastic" steps to get the results he wants. On June 18, Mr. Howe said that after he whips the southern school officials into line, he intends to take aim on those "fortunate white families who flee to the suburbs to escape integrated schools." Such racism is a stain on the Federal Government, particularly as Mr. Howe is out to violate constitutional rights as upheld by the Supreme Court and set forth by the Congress as amendments to both the 1946 and 1966 Civil Rights Acts.

4. Also included among the Federal criteria is one declaring that maximum housing opportunities must be made available to all income groups. Section 103(3).

(a) This means "economic integration"—the language of the prior bill the administration imposed on an unwilling Subcommittee on Housing (H.R. 15890) included specific language requiring economic integration (sec. 103.7). Only the language, and not the spirit, of the new bill has been changed.

(b) Let no one think that this section aims at simply providing low-income housing. A bipartisan amendment offered to the original bill to require that a certain portion of urban renewal be mandated to be for low and middle-income housing was defeated at the orders of the administration. This amendment *would* have provided low-income housing.

(c) All the administration and Secretary Weaver care about is economic integration, pure and simple. Not low-income housing per se. Not any more than with rent supplements. As a matter

of fact, section 103(3) is designed to give the Secretary power to force rent supplement housing on cities in neighborhoods where they don't want it as part of the price of the "demonstration" aid package.

(d) Under section 103(4) of the proposed bill, which requires that local laws or regulations must be, or can be expected to be, consistent with the objectives of the program, Secretary Weaver can insist that any housing, public housing, housing loan or open occupancy regulations, procedures or codes be changed to meet his demands as part of the "demonstration" aid package. Dr. Weaver can draw up local "civil rights" laws.

5. A further Federal criterion to be imposed upon "demonstration" cities is their compliance with Secretary Weaver's and Commissioner Howe's opinions as to what their laws, regulations, school district regulations and zoning codes ought to be like.

(a) The reference is to section 103(4). For a city to be eligible, it must show in the plan it submits that "local laws, regulations, and other requirements are, or can be expected to be, consistent with the objectives of the program." The objectives of the program, of course, would be determined by Dr. Weaver for the HUD programs involved and by Commissioner Howe for the education programs. This would give Dr. Weaver the power to redraw local regulations, codes, and ordinances.

6. Just in case they forgot any standards, the Federal planners have put a section in the bill giving Secretary Weaver carte blanche to insist on further criteria.

7. Section 105 provides for Federal financial aid to approved "demonstration city" programs up to 80 percent of the aggregate non-Federal contributions cities would normally be required to make in connection with urban development-related Federal aid programs. The amount to be spent for this purpose is \$900 million over a 2-year period. Since this is a much smaller amount than the HUD social planners wanted, Federal aid programs in other cities will be starved in order to concentrate resources in the handful of "demonstration cities" to make the program look like it has accomplished more than would be expected of \$900 million over 2 years; *\$900 million over 2 years will not impose any results except social coercion of the people of the cities*; \$96 billion in Federal aid programs has gone into our cities in the last 10 years, according to Senator Ribicoff. What is \$900 million in 2 years going to buy but a chance for Dr. Weaver and Dr. Howe to experiment?

8. This program is not aimed at meeting the needs of the tense ghettos—that is only propaganda. Nowhere in the bill is there a section giving precedence in "demonstration city" grants to high-tension neighborhoods suffering the most extreme socioeconomic pressure. This sensible amendment, proposed in the House Banking and Currency Committee by our colleagues Ashley, Reuss, and Moorhead, was rejected by the administration. The administration wants to play with other neighborhoods where it can implement Dr. Howe's school ideas and Dr. Weaver's rent supplement economic integration ideas.

9. The program *still* provides for a *commissar* to be sent by the Federal Government. Under section 203, a city can "request" Dr. Weaver to send a "metropolitan expediter." Presumably any city

that wants to be a "demonstration city" will make good and sure to "request" a Federal "expediter" in its submitted plan.

B. METROPOLITAN PLANNING ("DEMONSTRATION SUBURBS" BILL—TITLE II OF THE OMNIBUS BILL)

1. Section 204 of this far-reaching title provides for a "metro-government" to be set up in metropolitan areas through which "all applications for Federal loans or grants to assist in carrying out projects for open-space land, hospitals, airports, libraries, water supply and distribution facilities, sewerage facilities, waste treatment works, highways, transportation facilities, or water development and land conservation within *any metropolitan area*" must be submitted. What else can this "Federal review board" be called but a "metro-government?"

2. Section 205 provides for Federal bonus grants to the "metroarea" communities to supplement the regular Federal aid grant share for related projects *if the metrogovernment draws up metroarea wide plans to require recipient communities to accept certain Federal criteria*—this is the "demonstration suburbs" bill. Metroarea communities *have* to set up a metrogovernment. If they let it dictate Federal social and planning criteria to them, then those communities will get 20 percent Federal aid bonuses. If the communities restrain the metrogovernment from handing away their sovereignty, then the Federal Government will doubtless *deny* the aid requests which must be channeled through the metrogovernment.

3. The criteria that the metropolitan communities will have to accept via their metrogovernments to get Federal aid include:

(a) Secretary Weaver approved "location, financing and scheduling of individual public facility projects, whether or not federally assisted." This means that Secretary Weaver could tell communities where they have to build—and how they have to finance—any kind of publicly assisted facility. He can make airport grants hostages for areawide school districting mixing slum children with suburban children in schools paid for (Federal criteria include financing) by high taxing of the suburbs. All this because he would have control—through his "metrogovernment"—of the location and financing of schools and other publicly assisted facilities as a de facto condition of Federal aid.

(b) "Land development or uses"—zoning. The Federal aid bonus would be contingent upon zoning land the way Dr. Weaver wants it zoned.

4. To give you a better idea of what the administration has in mind for the "metro" idea, let me quote from a July 3 Washington Post article capsuling a program which emerged at the White House conference called to fulfill these rights.

Essentially, the idea is that the Federal Government must provide the lever for Negroes to crack the suburbs.

The way to do it? Put all the Federal funds for housing, schools, antipoverty programs into one bag. To get the money, local officials would be required to draw up plans on a metropolitanwide basis.

Suburbs would be asked to build scattered low-income housing and work out areawide plans for school integration.

5. No doubt the "metro-governments" will ultimately be *the* local governments of the United States and the only people who will care about the State boundaries are the mapmakers. Metro-governments will be like the French "departments"—local administrative regional offices of the Central Government. Federal aid will be granted or withheld by the local "commissar". What really disturbs me are the ideas that an all-powerful Federal Government seems prepared to implement.

* * *

I urge you to vote to strike titles I and II from the bill. There is much to be said for a blueprint to rebuild our cities, but Congress ought to insist that this one be scrapped and one drawn up that doesn't put Dr. Weaver and Education Commissioner Howe in the saddle in every courthouse and at the head of the table at every town meeting or board of education meeting in America.

PAUL A. FINO.

SEPARATE VIEWS OF REPRESENTATIVE SEYMOUR HALPERN ON PROPOSED AMENDMENT TO S. 3708

While I am concerned with some of the broad descriptions embodied within certain sections of the proposed amendment, I feel the seriousness of the urban ills which plague our cities warrants consideration of the massive programs outlined in this critical legislation. Such programs are necessarily broad in scope, and, at first, general in description.

I do feel that the machinery involved in the intergovernmental administration of urban aid projects might, indeed, be more specifically explained so that costs and initial confusion can be kept to a minimum.

Though I do have reservations, I believe the demonstration cities program is desperately needed to spur rehabilitation of blighted areas of our cities. The problems of urban areas are enormous; it is estimated that New York City alone will need three demonstration projects to help it deal with its rundown neighborhoods. The special needs of our cities—in which, it is estimated, three-fourths of us will live by 1970—call for the physical and social reform provided through the demonstration cities program. The problems are urgent; the program should begin immediately.

Certainly, broad powers and programs need to be adequately monitored. I am convinced that such control is inherent in the specified authorizations of \$12 million in planning funds for each of the next 2 years in addition to grant funds of \$400 million for fiscal 1968 and \$500 million for fiscal 1969.

I believe the amounts of the authorizations are justified. Only through this kind of financial contribution can we begin to say we are fulfilling our commitment to this huge segment of the population.

It is doubtful, in my mind, whether Federal officials will seek to impose limited financial appropriations and programs on areas not seeking such help, when many other cities are, at the same time, asking for such aid. The local voice, I am certain, will be heard and heeded.

I believe that consultation between Federal agencies involved in urban development programs, provided for in the amendment, will concentrate resources and bring about more immediate, more effective, and more efficient urban improvement than under presently disjointed programs. Moreover, the demonstration cities program supplements such programs; it does not detract from their goals.

The metropolitan planning title will serve to decentralize and speed administration of federally aided urban projects. "Metropolitan expeditors" will be appointed to only those local areas which ask for them.

I am particularly pleased with several sections of the legislation. Section 911 would direct the Secretary of Housing and Urban Development to conduct research to determine the root causes of urban problems. This may in the future allow us to substitute that "ounce of cure" for the sum we must now spend to correct these conditions.

Section 914 will amend the Housing Act of 1950 to allow State authorities to borrow funds for student and faculty housing construction in private colleges. This will, I hope, help alleviate the college crush we are now witnessing.

Section 915 would authorize an appropriation of \$100,000 for study of possible relief of homeowners who live near airports. This research would try to discover what ought to be done about the claims of homeowners concerning problems of noise and nuisance associated with residential areas near airports. Study of this problem is long overdue.

I am also pleased to note the inclusion of several amendments I proposed which perfect the administration of cooperative housing insurance payment programs. I trust they will receive the wholehearted support of Congress, in keeping with the widespread endorsement they already have earned. Approval of the amendments would be a congressional vote of confidence in this commendable segment of American middle-income housing.

SEYMOUR HALPERN.

ADDITIONAL VIEWS OF REPRESENTATIVE FLORENCE P. DWYER

The myriad weaknesses of the committee-reported amendment to the Senate bill are comprehensively discussed in the minority views, with which I generally concur.

What is so objectionable to me about the administration proposals, especially in title I, is the fact that while they recognize the real need to mobilize all available assistance to help central cities restore new life and hope to their blighted neighborhoods, they seek to exploit the increasing awareness of these needs to enact a program based on inadequate planning, devoid of effective standards, and designed to expand enormously the powers of the Secretary of Housing and Urban Development.

This is the kind of hastily drawn legislation to which the Senate majority leader was obviously referring when he said, at the close of the first session of this Congress, that the second session would have to devote much of its time to correcting the inadequacies of legislation passed last year.

It is a truism to say that if the job of helping cities and metropolitan areas solve their problems is worth doing—and I believe it urgently needs doing—then it is worth doing well. But this is a truism that seems to have escaped the administration in its single-minded rush to get something on the statute books.

The concept of the demonstration cities program is a most attractive and promising one. If the program could be revised to eliminate its objectionable features and if this avowedly experimental program could be limited to a half dozen qualifying cities, then I would support it.

But, the administration seems to be asking Congress to authorize the Department of Housing and Urban Development to spend an undetermined number of billions of dollars for the purpose of permitting the Secretary to control the planning and development of those cities which want and can obtain the money. I believe there are better ways of achieving our desired objectives.

In any program for rebuilding the urban areas of the country, the urban renewal program will play a central role. Yet, there is probably more popular antagonism toward this program today than ever before—the result, in part, both of misunderstanding about the nature and operation of the program and of dissatisfaction with specific projects which were improperly designed and poorly administered.

In order to help restore public confidence in the urban renewal program, I offered an amendment to the pending bill during subcommittee and full committee consideration which would require the holding of a public referendum on proposed urban renewal projects in communities with populations of 150,000 or less. Although this amendment was rejected, as similar amendments which I offered to housing bills in 2 prior years were also rejected, I believe there is growing recognition among Members that a referendum requirement

could stimulate better performance, and so I intend to offer the amendment when the bill comes to the House floor.

This is not an anti-urban-renewal amendment. I have supported urban renewal legislation throughout my service in Congress, and I believe that, wisely administered, the program can make increased contributions toward the rehabilitation of urban communities.

All too often, however, the people of a community have been the missing ingredient in urban renewal. The people have a right to know and to participate in making the community's decision about urban renewal, and urban renewal needs the enlightened understanding of the community. Urban renewal is a unique program in that it uses public funds and the power of eminent domain with which to force private owners to sell their property for resale to other private owners. This fact, plus the communitywide impact of urban renewal projects, especially in smaller communities, requires the involvement of the people in the process of rebuilding their own cities—an objective recognized as fundamental in urban redevelopment legislation.

Yet, in community after community, local development agencies positively discourage citizen interest and participation and function in ways more appropriate to boards of directors of private corporations, thereby inviting some of the public opposition they have encountered.

By giving the people the right to make the decision on an urban renewal project, yes or no, the referendum I propose would (a) provide the means and the incentive for the people to involve themselves in and inform themselves about the community's redevelopment plans, and (b) motivate the planners to take the people into their confidence, to provide meaningful information, and to do as careful and effective a job as possible of advance planning of the project in anticipation of the referendum. This kind of care, and planning, and the knowledge that an unhappy people can kill the project can make the difference between good urban renewal and bad.

To many who have experienced it, urban renewal has not been an unmixed blessing. And the lower down the income scale these people have been, the more they have been hurt. The low-income worker, the struggling small businessman, the family on relief—all have been badly hurt, especially in attempting to relocate their homes and businesses, when individual urban renewal projects were deficient in planning or implementation. The record is discouragingly full of documented reports of hardship, dislocation, disruption, higher rents, vacant land, Negro removal, new slums, the unnecessary destruction of viable neighborhoods, and a host of other ills resulting directly from badly planned and mishandled projects.

Smaller communities have been especially vulnerable to such unfortunate experiences with urban renewal due in part to the lack of adequately trained and experienced professional staff and to their relatively poor bargaining position vis-a-vis potential commercial developers. Moreover, in communities with populations of 150,000 or less, a single urban renewal project has a much more direct and immediate impact on the community as a whole than similar projects have in larger cities. For these reasons, plus the prohibitive cost of repeated referendums in larger cities having active urban renewal programs involving many individual projects, I have limited my amendment to smaller communities.

To my knowledge, only two significant objections have been raised to the referendum requirement: First, the theoretical one that a

referendum interferes with the concept of representative government in which elected local officials have the responsibility of making urban renewal decisions, and second, the practical one that most communities would defeat urban renewal referendums.

Neither objection is convincing, in my judgment. The country has a long history of submitting public questions to a referendum, including such issues as State constitutional amendments, local school budgets, bond issues, etc., as well as urban renewal in certain States and localities. No discernible damage to the principle of representative government has resulted. Nor, judging from the record during the past 3 years of urban renewal, bond issue and related questions submitted to local referendums, do communities invariably reject them. Of 60 such referendums, 30 have received majorities and 30 have been defeated.

It is a question of trusting the people. As they do in other elections, people tend to vote on the merits of a referendum issue as they see them. I am confident that, given a sound urban renewal plan and the expectation of a competent job of administration, the people will vote accordingly.

In view of the fact that the present bill includes an authorization of \$250 million for urban renewal, over and above existing authorizations, this is an appropriate opportunity to strengthen the urban renewal program by giving the people the right to participate in decisions that have such a fundamental impact on the future of their communities.

Two final observations about this legislation should be made. First, title II, dealing with planned metropolitan development, has been greatly improved. By removing objectionable features which would have forced local communities to abdicate their decisionmaking responsibilities in favor of a regional planning body as a condition of eligibility for supplemental Federal program grants, and by replacing these with provisions very similar to spirit and effect to provisions of my Intergovernmental Cooperation Act, now pending before another committee, the revised version of this bill could make a most constructive contribution to better planning and greater cooperation among local communities which share related problems.

Second, I am greatly heartened by the committee's decision to remove from the bill the thoroughly unjustified collection of special exceptions—or special subsidies—for local projects which would otherwise not qualify as local grants-in-aid in connection with local urban renewal programs. As I emphasized to the committee, in support of my motion to strike these projects from the bill, and as the Department of Housing and Urban Development has since confirmed, these special projects could cost the urban renewal program more than \$750 million, more than its total authorization for the current fiscal year, bring the program to an immediate halt, prevent other communities from participating, sacrifice residential housing in favor of luxury projects like stadiums and cultural centers, and threaten to destroy one of the Federal Government's most important tools in the effort to rebuild our urban communities. On the other hand, however, the possible effect of the committee's changes to section 701 should be thoroughly studied prior to House consideration of the bill.

FLORENCE P. DWYER.

ADDITIONAL VIEWS OF REPRESENTATIVE BILL BROCK

The minority has stated a factual case in opposition to this legislation, and I concur. However, I feel that additional attention should be directed to the section relating to "Demonstration Cities."

Federal specific grant programs have in many instances aroused my opposition in the past either because I felt they were unwarranted, wasteful, incompetently drawn, debilitated local responsibility through excessive controls, or resulted in an unwise reallocation of funds to projects with less than top priority.

Even so, never did I imagine this Government would have to resort to the device of subsidizing people to take a subsidy as this section does. The tactic is inconceivable, the method of implementation is incredible.

Should a particular subsidy be insufficient, it is hypocritical to hide an additional increase in this bill rather than amend the basic program. Should these subsidies not be insufficient, then it becomes patently clear that the motivation of this bill is founded upon a basic lack of faith in local government and represents solely a stronger device to control it.

Regardless of this, it is politically easy for an individual Member to say a particular bill will relieve problems in his area and ignore its long-range implications. We must not take this easy way on the "Demonstration Cities" title.

Thus, knowing the normal tendency of Members to depend upon their colleagues on the committee in complicated legislation, may I simply urge you in at least this one instance to take 5 or 10 minutes from an obviously overworked schedule and read the first 15 pages of H.R. 15890.

When the bill says that "the Congress further finds and declares that cities, of all sizes, do not have adequate resources to deal effectively with the critical problems facing them," pause for a quiet moment and ask yourself "why"? Do you honestly believe that all local and State officials of these United States are either inefficient, incompetent, or corrupt? Do you honestly believe that they don't care, that they are not doing the best possible job with the resources available for the people in their area? Is it not true that sooner or later in our American political system those who might fall into the above categories will ultimately be found out by the people and fired for their failure?

If this be so, then is it not possible that our local communities are in troubled waters because we in Washington have preempted their tax base, have vitiated their ability to respond to the needs of their own people? Can we honestly say that subsidizing subsidies in order to impose even more control and assume even more local responsibilities reflects a sincere effort on the part of this Congress to redress these problems? When are we going to face up to the basic issue—that of

expanding the tax base so that public servants in the courthouse can really serve the public?

When the demonstration cities bill was originally considered, its legislative language said "the purpose of this title is to provide the additional financial aid needed to enable cities to participate more effectively in existing Federal assistance programs". The language of the amendment to the Senate bill is not quite the same, but the intent and the thrust of it are no different.

Would it not be the essence of responsible self-evaluation to ask ourselves, "Where have we failed?" If after decades of massive Federal specific grant programs we come finally to the conclusion that our cities cannot effectively utilize many of these programs, is it not time to pause and reevaluate our past efforts?

When the bill takes four pages just to list those areas in which national controls and standards must be substituted for local judgment and initiative, doesn't this ring a small bell? If our local communities are unable or unwilling to establish reasonable criteria, as this language implies, then perhaps we had best reexamine the root structure of America. This Nation can be no stronger than each citizen's "hometown." If we doubt their responsiveness, and I do not, then we must also pause briefly to wonder, "Where lies the future of our Federal system?" Certainly it is also fair to ask whether Federal assumption of local responsibility is part of the solution or part of the problem.

Sooner or later we must face up to the question of the viability of our system in modern America. This is the most basic problem of all, and I, for one, am not afraid to seek the answer. We, in this Nation must continuously address ourselves to the overall political complex of interrelated and interdependent, city, county, State, and Federal Governments. If we will appraise our current effectiveness, and based upon this appraisal make a decision as to future governmental composition, then I don't fear those solutions which may be forthcoming.

But let us not in the name of political expediency or financial crisis direct our attention to the symptoms only. If we, in our haste to act, destroy the existing structure without giving sufficient thoughts, and taking sufficient steps, to replace it—then we will have failed those who will direct the Nation tomorrow.

Yes, we are politicians, but as successful politicians, we have accepted a responsibility. It is time we had the integrity to stand or fall based upon how well we meet this responsibility. Should our job become more important to us than the institution we call America, then we will cease to earn the title of a great, or even a free, society.

I don't ask you to defeat this bill and then forget the problem. It should be defeated, but only with eyes open and minds excited over the challenge our action affords. I ask you to seize upon a unique opportunity to focus the enormous intellectual talents of this Congress and this Nation upon the total Federal system, its tax base and its makeup, its strengths, and its weaknesses, fully aware of the impact its formulation will have on the future of freedom.

BILL BROCK.

INDIVIDUAL VIEWS OF CONGRESSMAN BURT L. TALCOTT

I generally concur with the minority views and the additional views of Representative Florence P. Dwyer relating to the proposal to require a referendum in the urban renewal approval procedure.

Much more should be said, but time does not permit.

The Congress, all local and State officials, and all citizens of the United States should be forewarned of the proposal for "New Communities"—title IV of this bill. It could be the most devastating encroachment by the Federal central bureaucracy upon the functions of local government, private enterprise, and individual freedom yet concocted by the Federal planners.

"FEDERAL SUBURBS" AND "GOVERNMENT TOWNS"

"Satisfactory to the *Secretary*," "as the *Secretary* deems reasonable," "if the *Secretary* determines," "approved by the *Secretary*," "regulated in a manner acceptable to *him*," "which *he* finds consistent," "meeting criteria established by the *Secretary*," "the *Secretary* shall adopt such requirements as *he* deems necessary."

What is a "new town," or a "new community," as the Department calls it?

There is no adequate definition except as may exist in the Department's mind. If this legislation is enacted into law, new communities will be whatever the Secretary of HUD says they will be. In proof of this is the language of the proposed departmental legislation: "satisfactory to the *Secretary*," "as the *Secretary* deems reasonable," "if the *Secretary* determines," "approved by the *Secretary*," "regulated in a manner acceptable to *him*," "which *he* finds consistent," "meeting criteria established by the *Secretary*," "the *Secretary* shall adopt such requirements as *he* deems necessary," etc. The phraseology is repetitious.

This proposed legislation is something that the Congress has not been willing to consider despite three prior recommendations by the Department. It does provide a considerable subsidy for selected large entrepreneurs, an ill-concealed "bailout" operation for a favored few, but this is not legislation in the public interest. The ideas on which the new town legislative proposals are based are yet to be proven and the new town experiments to date have been well characterized as "oversized subdivisions with oversized problems."

The "new towns" as proposed and as they presently exist are also not a lesson in democracy. The kindest definition of them from a political standpoint is that they are "benevolent dictatorships," so run by their developers in a mixture of self-preservation and self-interest. The Department is proposing, possibly unthinkingly, that the title of dictator rests better with the Secretary than with the

developers. This gives believers in our present political system a poor choice from which to make a bad decision.

All of the "new towns" currently in existence are fighting desperately to establish an economic base. They need it to breathe life into their moribund communities which have learned that they cannot exist on dreams alone and must have dollars to go with those dreams and dollars in large figures. Consequently, most of the "new towns" developers are at Washington's door, hat in hand, looking for some form of Government subsidy. Preferably, this subsidy should adopt the disguise which would have the Government establish one of its multipurpose bureaus within the new town's city limits. This, of course, would just increase the further unnecessary investment of public funds, but no one other than the Federal Government seems to have the large amounts of money that are necessary to make one of these artificial communities work.

Since considerable sums of money are necessary to make a new town go, it follows that those living there must bring it with them. So we have the paradox of the Department talking in terms of building low- and moderate-income housing within the new community that desperately needs heavy taxpayments just to maintain itself. New streets, sewers, and water facilities cost money, particularly in these days of the inflated dollars, and particularly when a developer or the Government has made the arbitrary decision that a town will be built here.

Obviously, artificial communities such as are conceived under this proposed title of the bill are going to be under Government domination, direct and indirect, for a long time to come if the new towns are going to be propped up and kept going. Administrative authority is going to be the guiding principle and for the first time we are going to have our people told where to live and under what conditions. But there probably is no other control possible if these are going to be rubberstamped "new towns" put down wherever the Government decides it has an economic, political, or personal reason.

At any rate, judging from the difficulties encountered by such communities to date, the risks are great and the benefits are nebulous.

But why are we building new towns? To take care of our burgeoning population?

That is the best answer to date, but not one that is satisfying to the country's mayors and councilmen, all of them in a constant struggle to *rebuild* and *maintain* their existing cities. They see, with considerable reality, "new towns" as a threat to their tax base, as an overly hungry contender for Federal funds, support, and preference.

The mayors and councilmen are struggling for industry, citizens, and a better way of life for the people within their communities. They already have the competition of the suburbs, which grew naturally. Now, they are faced with the Government rubberstamping whole new, expensive, artificial communities in their vicinity which will feed upon them, but contribute nothing to their continued existence.

The National Association of Homebuilders put it differently. They said they were against the Government destroying the system of private ownership of land.

The proposal has so much and so many against it that it is amazing to me that it could be proposed at such an unlimited and costly expense to the taxpayers. If the benefits were for the many, we

could understand the Department's stand. But they are for the few. If the history of new towns was extensive and marked with success, we could understand the Department's adamant stand. But the history is a spotty one of financial failure and heavy subsidy. If the solutions to the apparent problems were at hand, we could envision some compromise. But no solutions have been sought, the proponents do not even admit of the obvious problems existing.

I do not think the Government can afford the millions that are required to be expended while the Department's thinking matures.

The so-called new towns or new communities can only sap the vitality of established towns and communities. The subsidized new towns will be parasitic—sucking revenues from other communities for artificial sustenance and making the preservation and revitalization of our established communities more difficult.

These new "government towns" or "Federal suburbs" will have all the disadvantages of old "company towns" or military posts. Those who live near a large military base can easily appreciate living on the post and having your town "regulated in a manner satisfactory to the Secretary of DOD." What difference, if any, would there be in another Federal town "regulated in a manner acceptable to the Secretary of HUD"?

The "HUD towns" would certainly sap the neighboring conventional "civilian" towns more than the present military "DOD towns."

Persons can and would prefer to build and own their own homes; citizens of a community can and would prefer to build and own their own towns.

There are many better, more effective and more practicable methods for the Federal Government to assist local governments with their chronic problems. Local officials have the talent, experience, concern, and scrutiny to solve their local problems—whether educational or purely governmental. Local municipalities lack only the funds to finance necessary projects. Local tax sources—property and sales—are overburdened and saturated. The income tax should be used for these purposes. The Federal Government has usurped the income tax source—and has the collection machinery well oiled.

The Federal Government should share income tax revenues with the individual States for education and such local governmental purposes as are proposed in this bill.

Special Federal categorical subsidies and subventions for a myriad local purposes are inequitable, extravagant, wasteful, and mediocre.

My bill, H.R. 10717, provides a Federal revenue sharing plan for educational purposes. It is the soundest proposal yet for improving our elementary and secondary education system. A similar proposal of Federal tax sharing with the States for local governmental purposes would be a better, more effective, less expensive, and more acceptable method for solving the governmental problems of our local communities.

I urge approval of an amendment to require a public referendum to approve urban renewal projects and an amendment to delete title IV proposing "government towns" and Federal cities.

BURT L. TALCOTT.

ADDITIONAL VIEWS OF REPRESENTATIVE DEL CLAWSON

In supporting the minority views in opposition to this bill, I concur particularly with those arguments which expressly reveal the wide variety of programs, the numerous Federal agencies involved and the overlapping implementation of the federally supported projects. Most significant, I feel are the statistics on the amount of money appropriated, the projects approved but not begun, the volume of authorized yet unencumbered funds. The most dramatic statistic perhaps is that used in the report which indicates that as of January 1, 1966, the figure for urban renewal funds authorized since 1949 stood at \$7.6 billion. Of this \$7.6 billion, \$5.6 billion is committed and only \$1.5 billion actually spent.

The Federal Government spreads before the cities not a buffet or banquet but a bewildering Lucullan feast of aid. But aside from the questionable proposals that build project on project and overlap program with program, where is the logic in authorizing and appropriating additional funds when billions are yet unspent and other authorized billions are yet to be committed? Why not permit a breathing spell to see what we have done and where we are going? Place the burden upon those agencies and departments involved in the numerous programs to do the job assigned to them and give an accounting of their performance before launching upon a series of new and untried programs that could very possibly result in failure for both the new and the old. It is conceivable that employees could not be hired in numbers sufficient to perform efficiently the total job that is contemplated in this bill while continuing to carry out those functions and complete the projects currently in the pipeline.

If the presently authorized billions were put to work how many employees would be added to the Federal payroll and just how adequate (with the value of the 1966 dollar) would the funds appropriated in the 1950's prove to do the job for which they were originally intended?

Unless an attempt is made to resolve some of these basic questions passage of this bill will merely supply some finishing touches to an inverse pyramid of overlapping Federal programs which must finally topple of its own weight and imbalance.

In connection with the criticisms outlined above, Members of the House might be interested in reading the following story that appeared in the Washington Daily News of July 14, 1966. Because of the current extremely tight credit market, it further fortifies my opposition to a broad new Federal spending program at this critical time.

[From the Washington Daily News, Thursday, July 14, 1966]

BANKS BACK OFF RENEWAL LOANS

(By William Steif, Scripps-Howard staff writer)

The U.S. Treasury has just been socked with an unexpected \$44.7 million expense because of the first refusal of private banks to finance urban renewal loans.

As a result, slum clearance in some cities may be slowed.

The cities draw on proceeds of the loans occasionally to pay for their urban renewal work.

BIDS OPENED

Bids were opened this week on \$106,445,000 worth of federally guaranteed, short-term notes. Government financial experts running the bidding were shocked to find they had sold only \$61,683,000 worth of the tax-exempt notes—and at a record high interest rate of 4.11 percent. The prior month \$102,883,000 worth of notes sold out at 3.57 percent interest.

When there are no buyers for the 6-month to 1-year notes the Treasury, by law, must step in and pay off the obligations. This never happened before in the 13 years that cities' urban renewal notes have been sold on a regular basis.

About \$1.5 billion in this type of debt is outstanding. Every month some of it is refinanced through sale of the notes.

"We have had no trouble selling them," one official said today. "The only reason for this failure is that there is absolutely no loose money around."

He said between \$100 million and \$150 million in such notes would be up for sale in August and "we could have the same experience."

Officials in the Housing and Urban Development Department conceded that when interest rates soar as high as they are today, costs of urban renewal projects rise substantially. This may cause a number of cities to defer slum clearance. The cities pay a third of the public costs of urban renewal and the United States pays two-thirds.

Delays in urban renewal eventually could balance off the current drain on the Treasury, although city renewal programs would suffer.

HUD officials said new notes will be offered for sale later this year in place of the \$44,762,000 worth of unsold notes. The plan is to shorten the terms—almost half of the unsold notes were 1-year obligations—and to break the new notes into smaller denominations, so that small local banks can bid on them. Until now, giant banks such as California's Bank of America and New York's First National City have been the chief purchasers.

* * *

The record when the Treasury next tried to market urban renewal bonds on August 16, 1966, was worse; \$75.2 million of a total of \$129.8 million were not sold, when offered.

DEL CLAWSON.

INDIVIDUAL VIEW OF CONGRESSMAN CHESTER L. MIZE

There is—in my opinion—enough legislation on the books at present in the fields of renewal, housing, transportation, education, economic opportunity, and related programs—to make the demonstration cities program—absolutely unnecessary.

Under the bill, the Federal Government would have to make additional billions of dollars available to help selected cities undertake rehabilitation programs in a single demonstration area in the city. In the first year a modest \$12 million is available for planning—but the bulk of the money to be provided over the next 2 years to carry out the plans would exceed a billion. One of the leading members of the Housing subcommittee—stated that it would be impossible to accurately estimate the total cost of the program.

The main thrust of the bill is to combine traditional slum clearance programs such as urban renewal with a wide variety of social welfare programs. It is just another example of piling on additional programs to existing programs to accomplish the same objectives. Why don't we stop adding new legislation in the field of housing—and urban development—and give existing legislation an opportunity to achieve their objective—before initiating additional efforts. Furthermore—with budget deficit facing us—this is the kind of thing that should be eliminated by not starting it.

CHESTER L. MIZE.



Union Calendar No. 886

89TH CONGRESS
2D SESSION

S. 3708

[Report No. 1931]

IN THE HOUSE OF REPRESENTATIVES

AUGUST 22, 1966

Referred to the Committee on Banking and Currency

SEPTEMBER 1, 1966

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

AN ACT

To assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Demonstration Cities
4 and Metropolitan Development Act of 1966".

1 TITLE I—COMPREHENSIVE CITY DEMONSTRA-
2 TION PROGRAMS

3 FINDINGS AND DECLARATION OF PURPOSE

4 SEC. 101. The Congress hereby finds and declares that
5 improving the quality of urban life is the most critical do-
6 mestic problem facing the United States. The persistence
7 of widespread urban slums and blight, the concentration of
8 persons of low income in older urban areas, and the unmet
9 needs for additional housing and community facilities and
10 services arising from rapid expansion of our urban popula-
11 tion have resulted in a marked deterioration in the quality
12 of the environment and the lives of large numbers of our
13 people while the Nation as a whole prospers.

14 The Congress further finds and declares that cities, of
15 all sizes, do not have adequate resources to deal effectively
16 with the critical problems facing them, and that Federal
17 assistance in addition to that now authorized by the urban
18 renewal program and other existing Federal grant-in-aid
19 programs is essential to enable cities to plan, develop, and
20 conduct programs to improve their physical environment,
21 increase their supply of adequate housing for low- and mod-
22 erate-income people, and provide educational and social
23 services vital to health and welfare.

24 The purposes of this title are to provide additional finan-

1 eial and technical assistance to enable cities of all sizes (with
2 equal regard to the problems of small as well as large cities)
3 to plan, develop, and carry out locally prepared and sched-
4 uled comprehensive city demonstration programs containing
5 new and imaginative proposals to rebuild or revitalize large
6 slum and blighted areas; to expand housing, job, and income
7 opportunities; to reduce dependence on welfare payments; to
8 improve educational facilities and programs; to combat dis-
9 ease and ill health; to reduce the incidence of crime and de-
10 linquency; to enhance recreational and cultural opportunities;
11 to establish better access between homes and jobs; and gen-
12 erally to improve living conditions for the people who live
13 in such areas; and to accomplish these objectives through the
14 most effective and economical concentration and coordina-
15 tion of Federal, State, and local public and private efforts
16 to improve the quality of urban life.

17 BASIC AUTHORITY

18 SEC. 102. The Secretary of Housing and Urban De-
19 velopment (hereinafter referred to as the "Secretary") is
20 authorized to make grants and provide technical assistance,
21 as provided by this title, to enable city demonstration agen-
22 cies (as defined in section 112(2)) to plan, develop, and
23 carry out comprehensive city demonstration programs in ac-
24 cordance with the purposes of this title.

ELIGIBILITY FOR ASSISTANCE

SEC. 103. (a) A comprehensive city demonstration program is eligible for assistance under sections 105 and 107 only if—

(1) physical and social problems in the area of the city covered by the program are such that a comprehensive city demonstration program is necessary to carry out the policy of the Congress as expressed in section 101;

(2) the program is of sufficient magnitude to make a substantial impact on the physical and social problems and to remove or arrest blight and decay in entire sections or neighborhoods; to contribute to the sound development of the entire city; to make marked progress in reducing social and educational disadvantages, ill health, underemployment, and enforced idleness; and to provide educational, health, and social services necessary to serve the poor and disadvantaged in the area; widespread citizen participation in the program, maximum opportunities for employing residents of the area in all phases of the program, and enlarged opportunities for work and training;

(3) the program, including rebuilding or restoration, will contribute to a well-balanced city with a substantial increase in the supply of standard housing of

low and moderate cost, maximum opportunities in the choice of housing accommodations for all citizens of all income levels, adequate public facilities (including those needed for education, health and social services, transportation and recreation), commercial facilities adequate to serve the residential areas, and ease of access between the residential areas and centers of employment;

(4) the various projects and activities to be undertaken in connection with such programs are scheduled to be initiated within a reasonably short period of time; adequate local resources are, or will be, available for the completion of the program as scheduled, and, in the carrying out of the program, the fullest utilization possible will be made of private initiative and enterprise; administrative machinery is available at the local level for carrying out the program on a consolidated and coordinated basis; substantive local laws, regulations, and other requirements are, or can be expected to be, consistent with the objectives of the program; there exists a relocation plan meeting the requirements of the regulations referred to in section 107; the local governing body has approved the program and, where appropriate, applications for assistance under the program; agencies whose cooperation is necessary to the success of the program have indicated their intent to furnish such coopera-

tion; the program is consistent with comprehensive planning in the entire urban or metropolitan area; and the locality will maintain, during the period an approved comprehensive city demonstration program is being carried out, a level of aggregate expenditures for activities similar to those being assisted under this title which is not less than the level of aggregate expenditures for such activities prior to initiation of the comprehensive city demonstration program; and

~~(5)~~ the program meets such additional requirements as the Secretary may establish to carry out the purposes of this title.

~~(b)~~ In implementing this title the Secretary shall--

~~(1)~~ emphasize local initiative in the planning, development, and implementation of comprehensive city demonstration programs;

~~(2)~~ insure, in conjunction with other appropriate Federal departments and agencies and at the direction of the President, maximum coordination of Federal assistance provided in connection with this title, prompt response to local initiative, and maximum flexibility in programing, consistent with the requirements of law and sound administrative practice; and

~~(3)~~ encourage city demonstration agencies to ~~(A)~~ enhance neighborhoods by applying a high standard of

design, (B) maintain, as appropriate, natural and historic sites and distinctive neighborhood characteristics, and (C) make maximum possible use of new and improved technology and design, including cost reduction techniques.

FINANCIAL ASSISTANCE FOR PLANNING COMPREHENSIVE
CITY DEMONSTRATION PROGRAMS

SEC. 104. (a) The Secretary is authorized to make grants to, and to contract with, city demonstration agencies to pay 80 per centum of the costs of planning and developing comprehensive city demonstration programs.

(b) Financial assistance will be provided under this section only if (1) the application for such assistance has been approved by the local governing body of the city, and (2) the Secretary has determined that there exist (A) administrative machinery through which coordination of all related planning activities of local agencies can be achieved, and (B) evidence that necessary cooperation of agencies engaged in related local planning can be obtained.

FINANCIAL ASSISTANCE FOR APPROVED COMPREHENSIVE
CITY DEMONSTRATION PROGRAMS

SEC. 105. (a) The Secretary is authorized to approve comprehensive city demonstration programs if, after review of the plans, he determines that such plans satisfy the criteria for such programs set forth in section 103.

(b) The Secretary is authorized to make grants to, and to contract with, city demonstration agencies to pay 80 per centum of the cost of administering approved comprehensive city demonstration programs, but not the cost of administering any project or activity assisted under a Federal grant-in-aid program.

(c) To assist the city to carry out the projects or activities included within an approved comprehensive city demonstration program, the Secretary is authorized to make grants to the city demonstration agency of not to exceed 80 per centum of the aggregate amount of non-Federal contributions otherwise required to be made to all projects or activities assisted by Federal grant-in-aid programs (as defined in section 112(1)) which are carried out in connection with such demonstration program: *Provided*, That no Federal grant-in-aid program shall be considered to be carried out in connection with such demonstration program unless it is closely related to the physical and social problems in the area of the city covered by the program and unless it can reasonably be expected to have a noticeable effect upon such problems. The specific amount of any such grant shall take into account the number and intensity of the economic and social pressures in the sections or neighborhoods involved, such as those involving or resulting from population density, poverty levels, unemployment rate, pub-

1 lie welfare participation, educational levels, health and dis-
 2 ease characteristics, crime and delinquency rate, and degree
 3 of substandard and dilapidated housing. The amount of
 4 non-Federal contribution required for each project in a
 5 Federal grant-in-aid program shall be certified to the Secere-
 6 tary by the Federal department or agency (other than the
 7 Department of Housing and Urban Development) admin-
 8 istering such program, and the Secretary shall accept such
 9 certification in computing the grants hereunder.

10 ~~(d)~~ Grant funds provided to assist projects and activ-
 11 ities included within an approved comprehensive city demon-
 12 stration program pursuant to subsection ~~(c)~~ of this section
 13 shall be made available to assist new and additional projects
 14 and activities not assisted under a Federal grant-in-aid pro-
 15 gram. To the extent such funds are not necessary to support
 16 fully such new and additional projects and activities, they
 17 may be used and credited as part or all of the required non-
 18 Federal contribution to projects or activities, assisted under
 19 a Federal grant-in-aid program, which are part of an ap-
 20 proved comprehensive city demonstration program. Such
 21 grant funds, however, shall not be used—

22 ~~(1)~~ for the general administration of local govern-
 23 ments; or

24 ~~(2)~~ to replace non-Federal contributions in any

1 federally aided project or activity included in an ap-
2 proved comprehensive city demonstration program, if
3 prior to the filing of an application for assistance under
4 section 104 an agreement has been entered into with
5 any Federal agency obligating such non-Federal con-
6 tributions with respect to such project or activity.

7 **TECHNICAL ASSISTANCE**

8 **SEC. 106.** The Secretary is authorized to undertake such
9 activities as he determines to be desirable to provide, either
10 directly or by contracts or other arrangements, technical
11 assistance to city demonstration agencies to assist such agen-
12 cies in planning, developing, and administering compre-
13 hensive city demonstration programs.

14 **RELOCATION REQUIREMENTS AND PAYMENTS**

15 **SEC. 107.** (a) A comprehensive city demonstration
16 program shall include a plan for the relocation of individuals,
17 families, business concerns, and nonprofit organizations dis-
18 placed or to be displaced in the carrying out of such pro-
19 gram. The relocation plan shall be consistent with regu-
20 lations prescribed by the Secretary to assure that (1) the
21 provisions and procedures included in the plan meet relo-
22 cation standards equivalent to those prescribed under sec-
23 tion 105(e) of the Housing Act of 1949 with respect to
24 urban renewal projects assisted under title I of that Act,
25 and (2) relocation activities are coordinated to the maxi-

1 to the maximum extent feasible with the increase in the supply of decent,
2 safe, and sanitary housing for families and individuals of low
3 or moderate income, as provided under the comprehensive
4 city demonstration program, or otherwise, in order to best
5 maintain the available supply of housing for all such families
6 and individuals throughout the city.

7 ~~(b)(1)~~ To the extent not otherwise authorized under
8 any Federal law, financial assistance extended to a city
9 demonstration agency under section 105 shall include grants
10 to cover the full cost of relocation payments, as herein de-
11 fined. Such grants shall be in addition to other financial
12 assistance extended to such agency under section 105.

13 ~~(2)~~ The term "relocation payments" means payments
14 by a city demonstration agency to a displaced individual,
15 family, business concern, or nonprofit organization which
16 are made on such terms and conditions and subject to such
17 limitations ~~(to the extent applicable, but not including the~~
18 date of displacement) as are provided for relocation pay-
19 ments, at the time such payments are approved, by sections
20 114 ~~(b), (c), (d), and (e)~~ of the Housing Act of 1949
21 with respect to projects assisted under title I thereof.

22 ~~(c)~~ Subsection ~~(b)~~ shall not be applicable with respect
23 to any displacement occurring prior to the date of the enact-
24 ment of this Act.

1 CONTINUED AVAILABILITY OF FEDERAL GRANT-IN-AID
2 PROGRAMS

3 SEC. 108. Notwithstanding any other provision of law,
4 unless hereafter enacted expressly in limitation of the pro-
5 visions of this section, funds appropriated for a Federal
6 grant-in-aid program which are reserved for any projects or
7 activities assisted under such grant-in-aid program and un-
8 dertaken in connection with an approved comprehensive city
9 demonstration program shall remain available until expended.

10 CONSULTATION

11 SEC. 109. In carrying out the provisions of this title,
12 including the issuance of regulations, the Secretary shall
13 consult with other Federal departments and agencies ad-
14 ministering Federal grant-in-aid programs. The Secretary
15 shall consult with each Federal department and agency
16 affected by each comprehensive city demonstration program
17 before entering into a commitment to make grants for such
18 program under section 105.

19 LABOR STANDARDS

20 SEC. 110. (a) All laborers and mechanics employed
21 by -contractors -or -subcontractors in the -construction, re-
22 habilitation, alteration, or repair of projects which—

23 ~~(1)~~ are federally assisted in whole or in part under
24 this title and

1 ~~(2)~~ are not otherwise subject to section 212 of the
 2 National Housing Act, section 16~~(2)~~ of the United
 3 States Housing Act of 1937, section 109 of the Housing
 4 Act of 1949, or any other provision of Federal law
 5 imposing labor standards on federally assisted construc-
 6 tion,
 7 shall be paid wages at rates not less than those prevailing
 8 on similar construction in the locality as determined by the
 9 Secretary of Labor in accordance with the Davis-Bacon
 10 Act, as amended ~~(40 U.S.C. 276a-276a-5)~~: *Provided*, That
 11 this section shall apply to the construction, rehabilitation,
 12 alteration, or repair of residential property only if such resi-
 13 dential property is designed for residential use for eight or
 14 more families. No financial assistance shall be extended to
 15 any such projects unless adequate assurance is first obtained
 16 that these labor standards will be maintained upon the con-
 17 struction work.

18 ~~(b)~~ The Secretary of Labor shall have, with respect
 19 to labor standards specified in subsection ~~(a)~~, the authority
 20 and functions set forth in Reorganization Plan Numbered
 21 14 of 1950 ~~(15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-~~
 22 ~~15)~~, and section 2 of the Act of June 13, 1934, as amended
 23 ~~(48 Stat. 948; 40 U.S.C. 276e)~~, and the Contract Work
 24 Hours Standards Act ~~(76 Stat. 357)~~.

APPROPRIATIONS

2 SEC. 111. (a) There are authorized to be appropriated,
3 for the purpose of financial assistance and administrative
4 expenses under section 104, not to exceed \$12,000,000 for
5 the fiscal year ending June 30, 1967, and not to exceed
6 \$12,000,000 for the fiscal year ending June 30, 1968.

7 ~~(b)~~ There are authorized to be appropriated, for the
8 purpose of financial assistance and administrative expenses
9 under sections 105, 106, and 107, not to exceed \$400,000,—
10 000 for the fiscal year ending June 30, 1968, and not to
11 exceed \$500,000,000 for the fiscal year ending June 30,
12 1969.

13 ~~(c)~~ Appropriations authorized under this section shall
14 remain available until expended.

DEFINITIONS

16 ~~SEC. 112~~ As used in this title—

(1) ~~“Federal grant-in-aid program” means a program~~
of Federal financial assistance other than loans and other
than the assistance provided by this title.

20 ~~(2)~~ "City demonstration agency" means the city, the
21 county, or any local public agency established or designated
22 by the local governing body of such city or county to adminis-
23 ter the comprehensive city demonstration program.

24 ~~(3) "City" means any municipality (or two or more~~

1 municipalities acting jointly); or any county or other public
 2 body (or two or more acting jointly) having general govern-
 3 mental powers.

4 (4) "Local" agencies include State agencies and in-
 5 strumentalities providing services or resources to a city or
 6 locality, and "local" resources include those provided to a
 7 city or locality by a State or its agency or instrumentality.

8 GRANT AUTHORITY FOR URBAN RENEWAL PROJECTS
 9 WHICH ARE PART OF APPROVED COMPREHENSIVE
 10 CITY DEMONSTRATION PROGRAMS

11 SEC. 113. Section 103(b) of the Housing Act of 1949
 12 is amended by inserting after the first sentence the follow-
 13 ing new sentence: "In addition to the authority to make
 14 grants provided in the first sentence of this subsection, the
 15 Secretary may contract to make grants under this title, on or
 16 after July 1, 1967, in an amount not to exceed \$250,000,-
 17 000: *Provided*, That the authority to contract to make
 18 grants provided by this sentence shall be exercised only
 19 with respect to an urban renewal project which is identified
 20 and scheduled to be carried out as one of the projects or
 21 activities included within an approved comprehensive city
 22 demonstration program assisted under the provisions of sec-
 23 tion 105(e) of the Demonstration Cities and Metropolitan
 24 Development Act of 1966".

STATE LIMITATION

SEC. 114. Grants made under section 105 for projects in any one State shall not exceed in the aggregate 15 per centum of the aggregate amount of funds authorized to be appropriated under section 111.

TITLE II—PLANNED METROPOLITAN

DEVELOPMENT

FINDINGS AND DECLARATION OF PURPOSE

SEC. 201. (a) The Congress hereby finds that the welfare of the Nation and of its people is directly dependent upon the sound and orderly development and the effective organization and functioning of the metropolitan areas in which two-thirds of its people live and work.

It further finds that the continuing rapid growth of these areas makes it essential that they prepare, keep current, and carry out comprehensive plans and programs for their orderly physical development with a view to meeting efficiently all their economic and social needs.

It further finds that metropolitan areas are especially handicapped in this task by the complexity and scope of governmental services required in such rapidly growing areas, the multiplicity of political jurisdictions and agencies involved, and the inadequacy of the operational and administrative arrangements available for cooperation among them.

It further finds that present requirements for areawide

1 planning and programing in connection with various Federal
2 programs have materially assisted in the solution of metro-
3 politan problems; but that greater coordination of Federal
4 programs and additional participation and cooperation are
5 needed from the States and localities in perfecting and
6 carrying out such efforts.

7 (b) It is the purpose of this title to provide, through
8 greater coordination of Federal programs and through sup-
9 plementary grants for certain federally assisted develop-
10 ment projects; additional encouragement and assistance to
11 States and localities for making comprehensive metropolitan
12 planning and programing effective.

13 COOPERATION BETWEEN FEDERAL AGENCIES

14 SEC. 202. In order to insure that all Federal programs
15 related to metropolitan development are carried out in a
16 coordinated manner—

17 (1) the Secretary is authorized to call upon other
18 Federal agencies to supply such statistical data; pro-
19 gram reports; and other materials as he deems necessary
20 to discharge his responsibilities for metropolitan devel-
21 opment; and to assist the President in coordinating the
22 metropolitan development efforts of all Federal agen-
23 cies; and

24 (2) all Federal agencies which are engaged in

administering programs related to metropolitan development, or which otherwise perform functions relating thereto, shall, to the maximum extent practicable, consult with and seek advice from all other significantly affected Federal departments and agencies in an effort to assure fully coordinated programs.

METROPOLITAN EXPEDITERS

~~SEC. 203.~~ Upon the request of one or more duly authorized local officials and after consultation with local governmental authorities in a metropolitan area, the Secretary may appoint a metropolitan expediter for such area whenever he finds a need for the services specified in this section. The metropolitan expediter shall provide information, data, and assistance to local authorities and private individuals and entities within the metropolitan area, and to all relevant Federal departments and agencies, with respect to all programs and activities conducted within such metropolitan area by the Department of Housing and Urban Development, and with respect to other public and private activities and needs within such metropolitan area which relate to the programs and activities of the Department.

COORDINATION OF FEDERAL AIDS IN METROPOLITAN

AREAS

~~SEC. 204.~~ (a) All applications made after June 30, 1967, for Federal loans or grants to assist in carrying out

1 open-space land projects or for the planning or construction
2 of hospitals, airports, libraries, water supply and distribution
3 facilities, sewerage facilities and waste treatment works,
4 highways, transportation facilities, and water development
5 and land conservation projects within any metropolitan area
6 shall be submitted for review—

7 (1) to any areawide agency designated to per-
8 form metropolitan or regional planning for the area with-
9 in which the assistance is to be used, and which is, to
10 the greatest practicable extent, composed of or respon-
11 sible to the elected officials of the units of general local
12 government within whose jurisdiction such agency is
13 authorized to engage in such planning, and

14 (2) if made by a special purpose unit of local
15 government, to the unit or units of general local govern-
16 ment with authority to operate in the area within which
17 the project is to be located.

18 (b) (1) Except as provided in paragraph (2) of this
19 subsection, each application shall be accompanied (A)
20 by the comments and recommendations with respect to
21 the project involved by the areawide agency and gov-
22 erning bodies of the units of general local government to
23 which the application has been submitted for review,
24 and (B) by a statement by the applicant that such com-
25 ments and recommendations have been considered prior

1 to formal submission of the application. Such comments
2 shall include information concerning the extent to which the
3 project is consistent with comprehensive planning developed
4 or in the process of development for the metropolitan
5 area or the unit of general local government, as the case
6 may be, and the extent to which such project contributes
7 to the fulfillment of such planning. The comments and
8 recommendations and the statement referred to in this sec-
9 tion shall, except in the case referred to in paragraph (2)
10 of this subsection, be reviewed by the agency of the Federal
11 Government to which such application is submitted for
12 the sole purpose of assisting it in determining whether the
13 application is in accordance with the provisions of Federal
14 law which govern the making of the loans or grants.

15 ~~(2)~~ An application for a Federal loan or grant need
16 not be accompanied by the comments and recommendations
17 and the statements referred to in paragraph (1) of this sub-
18 section, if the applicant certifies that a plan or description
19 of the project, meeting the requirements of such rules and
20 regulations as may be prescribed under subsection (c), or
21 such application, has lain before an appropriate areawide
22 agency or instrumentality or unit of general local govern-
23 ment for a period of sixty days without comments or recom-
24 mendations thereon being made by such agency or instru-
25 mentality.

~~(3)~~ The requirements of paragraphs ~~(1)~~ and ~~(2)~~ shall also apply to any amendment of the application which, in light of the purposes of this title, involves a major change in the project covered by the application prior to such amendment.

~~(c)~~ The Bureau of the Budget, or such other agency as may be designated by the President, is hereby authorized to prescribe such rules and regulations as are deemed appropriate for the effective administration of this section.

GRANTS TO ASSIST IN PLANNED METROPOLITAN DEVELOPMENT

SEC. 205. ~~(a)~~ The Secretary is authorized to make supplementary grants to applicant State and local public bodies and agencies carrying out, or assisting in carrying out, metropolitan development projects meeting the requirements of this section.

~~(b)~~ Grants may be made under this section only for metropolitan development projects in metropolitan areas for which it has been demonstrated, to the satisfaction of the Secretary, that—

~~(1)~~ metropolitanwide comprehensive planning and programing provide an adequate basis for evaluating ~~(A)~~ the location, financing, and scheduling of individual public facility projects (including, but not limited to hospitals and libraries; sewer, water, and sewage

1 treatment facilities; highway, mass transit, airport, and
2 other transportation facilities; and recreation and other
3 open-space areas) whether or not federally assisted; and
4 (B) other proposed land development or uses, which
5 projects or uses, because of their size, density, type, or
6 location, have public metropolitanwide or interjurisdic-
7 tional significance;

8 (2) adequate metropolitanwide institutional or
9 other arrangements exist for coordinating, on the basis
10 of such metropolitanwide comprehensive planning and
11 programing, local public policies and activities affecting
12 the development of the area; and

13 (3) public facility projects and other land develop-
14 ment or uses which have a major impact on the develop-
15 ment of the area are, in fact, being carried out in accord
16 with such metropolitanwide comprehensive planning
17 and programing.

18 (c) (1) Where the applicant for a grant under this sec-
19 tion is a unit of general local government, it must demon-
20 strate to the satisfaction of the Secretary that, taking into
21 consideration the scope of its authority and responsibilities
22 it is adequately assuring that public facility projects and
23 other land development or uses of public metropolitanwide
24 or interjurisdictional significance are being, and will be,
25 carried out in accord with metropolitan planning and pro-

1 graming meeting the requirements of subsection (b). In
 2 making this determination the Secretary shall give special
 3 consideration to whether the applicant is effectively assisting
 4 in, and conforming to, metropolitan planning and program-
 5 ing through (A) the location and scheduling of public
 6 facility projects, whether or not federally assisted; and (B)
 7 the establishment and consistent administration of zoning
 8 codes, subdivision regulations, and similar land-use and
 9 density controls.

10 (2) Where the applicant for a grant under this section
 11 is not a unit of general local government, both it and the unit
 12 of general local government having jurisdiction over the
 13 location of the project must meet the requirements of this
 14 subsection.

15 (d) In making the determinations required under this
 16 section, the Secretary shall obtain, and give full considera-
 17 tion to, the comments of the body or bodies (State or local)
 18 responsible for comprehensive planning and programming for
 19 the metropolitan area.

20 (e) No grant shall be made under this section with re-
 21 spect to a metropolitan development project for which a Fed-
 22 eral grant has been made or a contract of assistance has been
 23 entered into, under the legislation referred to in paragraph
 24 (2) of section 208, prior to February 21, 1966, or more than

1 one year prior to the date on which the Secretary has made
2 the determinations required under this section with respect to
3 the applicant and to the area in which the project is located:
4 *Provided*, That in the case of a project for which a contract
5 of assistance under the legislation referred to in paragraph
6 (2) of section 208 has been entered into after June 30,
7 1967, no grant shall be made under this section unless an
8 application for such grant has been made on or before the
9 date of such contract.

10 EXTENT OF GRANT

11 SEC. 206. (a) A grant under section 205 shall not
12 exceed (1) 20 per centum of the cost of the project for
13 which the grant is made; nor (2) the Federal grant made
14 with respect to the project under the legislation referred to
15 in paragraph (2) of section 208. In no case shall the
16 total Federal contributions to the cost of such project be
17 more than 80 per centum. Notwithstanding any other pro-
18 vision of law, including requirements with respect to non-
19 Federal contributions, grants under section 205 shall be
20 eligible for inclusion (directly or through refunds or credits)
21 as part of the financing for such projects: *Provided*, That
22 projects or activities on the basis of which assistance is pro-
23 vided under section 105(c) shall not be eligible for assist-
24 ance under section 205.

25 (b) There are authorized to be appropriated for grants

under section 205 not to exceed \$25,000,000 for the fiscal year ending June 30, 1967, and not to exceed \$50,000,000 for the fiscal year ending June 30, 1968. Appropriations authorized under this section shall remain available until expended.

CONSULTATION AND CERTIFICATION

SEC. 207. In carrying out his authority under section 205, including the issuance of regulations, the Secretary shall consult with the Department of the Interior; the Department of Health, Education, and Welfare; the Department of Commerce; and the Federal Aviation Agency with respect to metropolitan development projects assisted by those departments and agencies; and he shall, for the purpose of section 206, accept their respective certifications as to the cost of those projects and the amount of the non-Federal contribution paid or to be paid to that cost.

DEFINITIONS

SEC. 208. As used in this title—

(1) "Metropolitan development" means all projects or programs for the acquisition, use, and development of open space land; and the planning and construction of hospitals, libraries, airports, water supply and distribution facilities, sewerage facilities and waste treatment works, transportation facilities, highways, water development and land conservation, and other public works facilities.

1 ~~(2)~~ "Metropolitan development project" means a proj-
 2 ect assisted or to be assisted under section 702 of the
 3 Housing and Urban Development Act of 1965; title II of the
 4 Library Services and Construction Act; section 606 of the
 5 Public Health Service Act; section 8 of the Federal Water
 6 Pollution Control Act; section 120(a) of title 23, United
 7 States Code; section 9 of the Federal Airport Act; section 3
 8 of the Urban Mass Transportation Act of 1964; title VII
 9 of the Housing Act of 1961; section 5(e) of the Land and
 10 Water Conservation Fund Act of 1965; or section 101
 11 ~~(a)(1)~~ of the Public Works and Economic Development
 12 Act of 1965 ~~(for a project of a type which the Secretary~~
 13 ~~determines to be eligible for assistance under the other pro-~~
 14 ~~visions listed above).~~

15 ~~(3)~~ "State" means any State of the United States, the
 16 District of Columbia, the Commonwealth of Puerto Rico,
 17 any territory or possession of the United States, or an agency
 18 or instrumentality of any of the foregoing.

19 ~~(4)~~ "Metropolitan area" means a standard metro-
 20 politan statistical area as established by the Bureau of the
 21 Budget, subject however to such modifications and exten-
 22 sions as the Secretary may determine to be appropriate for
 23 the purposes of this title.

24 ~~(5)~~ "Comprehensive planning" includes the following,
 25 to the extent directly related to area needs or needs of a unit

1 of general local government, ~~(A)~~ preparation, as a guide
 2 for long-range development, of general physical plans with
 3 respect to the pattern and intensity of land use and the pro-
 4 vision of public facilities, including transportation facilities;
 5 ~~(B)~~ programming of capital improvements based on a de-
 6 termination of relative urgency; ~~(C)~~ long-range fiscal plans
 7 for implementing such plans and programs; and ~~(D)~~ pro-
 8 posed regulatory and administrative measures which aid in
 9 achieving coordination of all related plans of the departments
 10 or subdivisions of the governments concerned and intergov-
 11 ernmental coordination of related planned activities among
 12 the State and local governmental agencies concerned.

13 ~~(6)~~ "Hospital" means any public health center or gen-
 14 eral, tuberculosis, mental, chronic disease, and other type of
 15 hospital and related facilities, such as laboratories, outpatient
 16 departments, nurses' home and training facilities, and central
 17 service facilities normally operated in connection with hos-
 18 pitals, but does not include any hospital furnishing primarily
 19 domiciliary care.

20 ~~(7)~~ "Areawide agency" means an official State or
 21 metropolitan or regional agency empowered under State or
 22 local laws or under an interstate compact or agreement to
 23 perform comprehensive planning in an area; an organiza-
 24 tion of the type referred to in section 701-(g) of the Housing

1 Act of 1954; or such other agency or instrumentality as
 2 may be designated by the Governor (or, in the case of
 3 metropolitan areas crossing State lines, any one or more of
 4 such agencies or instrumentalities as may be designated by
 5 the Governors of the States involved) to perform such
 6 planning.

7 (8) "Special purpose unit of local government" means
 8 any special district, public-purpose corporation, or other
 9 limited-purpose political subdivision of a State, but shall not
 10 include a school district.

11 (9) "Unit of general local government" means any city,
 12 county, town, parish, village, or other general purpose po-
 13 litical subdivision of a State.

14 (10) "Secretary" means the Secretary of Housing and
 15 Urban Development.

16 STATE LIMITATION

17 SEC. 209. Grants made under section 205 for projects in
 18 any one State shall not exceed in the aggregate 15 per
 19 centum of the aggregate amount of funds authorized to be
 20 appropriated, pursuant to section 206(b).

1 TITLE III URBAN INFORMATION AND TECH-
2 NICAL ASSISTANCE SERVICES

3 PURPOSE

4 SEC. 301. It is the purpose of this title to assist States
5 and metropolitan area agencies to make available informa-
6 tion and data on urban needs and assistance programs and
7 activities through centers established for such purpose, and
8 to provide technical assistance through such centers to small
9 communities with respect to the solution of urban problems.

10 GRANT AUTHORITY

11 SEC. 302. (a) The Secretary is authorized to make
12 grants to States and metropolitan area agencies to help
13 finance programs for the assembly, correlation, and dissemi-
14 nation of information and data needed for improving, coor-
15 dinating, and more effectively utilizing governmental and
16 other programs and activities available for the solution of lo-
17 cal urban problems and to provide technical assistance to
18 small communities with respect to the solution of such prob-
19 lems. Activities aided by such grants shall include—

(1) the planning and establishment of urban information and technical assistance centers;

(2) the assembly, correlation, and dissemination of urban physical, social, and economic development information and data through such centers for the purpose of informing local governments, organizations, and individuals of the availability and status of Federal, State, and local programs and other resources and data for the solution of urban problems; and

(3) providing, through such centers, technical assistance with respect to the solution of urban problems to any small community requesting such assistance.

(b) A program assisted under this section shall—

(1) specify the information and technical assistance activities to be carried on and justify the needs for and costs of such activities; and

(2) represent substantially increased or improved activities on the part of the applicant State or metropolitan-area agency.

EXTENT OF ACTIVITIES

SEC. 303. (a) An urban information and technical assistance center established by a metropolitan-area agency under this title shall be directed primarily to the provision of (1) informational services of general metropolitanwide utility, and (2) informational services and technical assist-

1 ance of utility to the communities within that metropolitan
2 area.

3 ~~(b)~~ An urban information and technical assistance
4 center established by a State under this title shall be directed
5 primarily to the provision of ~~(1)~~ informational services of
6 general statewide utility, and ~~(2)~~ informational services and
7 technical assistance of utility to communities not within
8 metropolitan areas for which information centers have been
9 established under this title.

10 AMOUNT OF GRANT

11 SEC. 304. ~~(a)~~ A grant under this section shall not
12 exceed 50 per centum of the cost of the activities carried
13 on under an approved urban information and technical assist-
14 ance program.

15 ~~(b)~~ No grant shall be made under this title to assist
16 in assembling data, or providing information, to be used
17 primarily in the day-to-day operations of State or local gov-
18 erning bodies and agencies.

19 COOPERATION AND COORDINATION

20 SEC. 305. ~~(a)~~ Federal departments and agencies shall
21 cooperate with States and metropolitan-area agencies in pro-
22 viding information to assist in carrying out the purpose of
23 this title.

24 ~~(b)~~ In the administration of this title, the Secretary

1 shall seek to ensure the greatest practicable cooperation and
 2 coordination as between the various urban information and
 3 technical assistance centers established under this title.

4 DEFINITIONS

5 SEC. 306. As used in this title—

6 (1) "State" means any State of the United States, the
 7 Commonwealth of Puerto Rico, the Virgin Islands, or an
 8 agency or instrumentality designated by the chief executive
 9 of any of the foregoing, or a statewide agency or instru-
 10 mentality of its political subdivisions designated by such
 11 chief executive.

12 (2) "Metropolitan area" means a standard metropolitan
 13 statistical area as established by the Bureau of the Budget,
 14 subject however to such modifications and extensions as the
 15 Secretary may determine to be appropriate.

16 (3) "Metropolitan-area agency" means (A) an organi-
 17 zation or body composed of public officials which the Secre-
 18 tary determines to be representative of the political jurisdic-
 19 tions encompassing a metropolitan area; or (B) where no
 20 such organization exists and can qualify for a grant under this
 21 title, a public body or agency (i) designated by the govern-
 22 ing body of that political jurisdiction within the area which
 23 contains the largest population, according to the most recent
 24 decennial census, and (ii) concurred in by other local politi-

1 eal jurisdictions which, together with the designating juris-
 2 diction, contain at least two-thirds of the population of the
 3 area.

4 (4) "Small community" means any municipality or
 5 other political subdivision of a State having a population of
 6 twenty-five thousand or less.

7 (5) "Secretary" means the Secretary of Housing and
 8 Urban Development.

9 APPROPRIATIONS

10 SEC. 307. There are authorized to be appropriated for
 11 the purpose of carrying out the provisions of this title not
 12 to exceed \$5,000,000 for the fiscal year ending June 30,
 13 1967, and not to exceed \$10,000,000 for the fiscal year end-
 14 ing June 30, 1968. Appropriations authorized under this
 15 section shall remain available until expended.

16 TITLE IV—MISCELLANEOUS

17 STUDY CONCERNING RELIEF OF HOMEOWNERS IN

18 PROXIMITY TO AIRPORTS

19 SEC. 401. Section 1113 of the Housing and Urban
 20 Development Act of 1965 is amended—

21 (1) by inserting "(a)" after "SEC. 1113.";

22 (2) by striking out "one year after the date of the
 23 enactment of this Act" and inserting in lieu thereof "six

1 months after the date of the enactment of the Demon-
 2 stration Cities and Metropolitan Development Act of
 3 1966"; and

4 ~~(3)~~ by adding at the end thereof the following new
 5 subsection:

6 ~~"(b)~~ There is authorized to be appropriated the sum
 7 of \$100,000 to carry out subsection ~~(a).~~"

8 *That this Act may be cited as the "Demonstration Cities and*
 9 *Metropolitan Development Act of 1966".*

10 *TITLE I—COMPREHENSIVE CITY DEMON-*
 11 *STRATION PROGRAMS*

12 *FINDINGS AND DECLARATION OF PURPOSE*

13 *SEC. 101. The Congress hereby finds and declares that*
 14 *improving the quality of urban life is the most critical do-*
 15 *mestic problem facing the United States. The persistence*
 16 *of widespread urban slums and blight, the concentration of*
 17 *persons of low income in older urban areas, and the unmet*
 18 *needs for additional housing and community facilities and*
 19 *services arising from rapid expansion of our urban popula-*
 20 *tion have resulted in a marked deterioration in the quality*
 21 *of the environment and the lives of large numbers of our*
 22 *people while the Nation as a whole prospers.*

23 *The Congress further finds and declares that cities, of*
 24 *all sizes, do not have adequate resources to deal effectively*
 25 *with the critical problems facing them, and that Federal*

1 assistance in addition to that now authorized by the urban
2 renewal program and other existing Federal grant-in-aid
3 programs is essential to enable cities to plan, develop, and
4 conduct programs to improve their physical environment,
5 increase their supply of adequate housing for low- and mod-
6 erate-income people, and provide educational and social
7 services vital to health and welfare.

8 The purposes of this title are to provide additional finan-
9 cial and technical assistance to enable cities of all sizes (with
10 equal regard to the problems of small as well as large cities)
11 to plan, develop, and carry out locally prepared and sched-
12 uled comprehensive city demonstration programs containing
13 new and imaginative proposals to rebuild or revitalize large
14 slum and blighted areas; to expand housing, job, and income
15 opportunities; to reduce dependence on welfare payments; to
16 improve educational facilities and programs; to combat dis-
17 ease and ill health; to reduce the incidence of crime and de-
18 linquency; to enhance recreational and cultural opportunities;
19 to establish better access between homes and jobs; and gen-
20 erally to improve living conditions for the people who live
21 in such areas, and to accomplish these objectives through the
22 most effective and economical concentration and coordination
23 of Federal, State, and local public and private efforts to
24 improve the quality of urban life.

BASIC AUTHORITY

SEC. 102. *The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to make grants and provide technical assistance, as provided by this title, to enable city demonstration agencies (as defined in section 112(2)) to plan, develop, and carry out comprehensive city demonstration programs in accordance with the purposes of this title.*

ELIGIBILITY FOR ASSISTANCE

SEC. 103. (a) *A comprehensive city demonstration program is eligible for assistance under sections 105 and 107 only if—*

(1) *physical and social problems in the area of the city covered by the program are such that a comprehensive city demonstration program is necessary to carry out the policy of the Congress as expressed in section 101;*

(2) *the program is of sufficient magnitude to make a substantial impact on the physical and social problems and to remove or arrest blight and decay in entire sections or neighborhoods; to contribute to the sound development of the entire city; to make marked progress in reducing social and educational disadvantages, ill health, underemployment, and enforced idleness; and to provide educational, health, and social services neces-*

sary to serve the poor and disadvantaged in the area, widespread citizen participation in the program, maximum opportunities for employing residents of the area in all phases of the program, and enlarged opportunities for work and training;

(3) the program, including rebuilding or restoration, will contribute to a well-balanced city with a substantial increase in the supply of standard housing of low and moderate cost, maximum opportunities in the choice of housing accommodations for all citizens of all income levels, adequate public facilities (including those needed for education, health and social services, transportation, and recreation), commercial facilities adequate to serve the residential areas, and ease of access between the residential areas and centers of employment;

(4) the various projects and activities to be undertaken in connection with such programs are scheduled to be initiated within a reasonably short period of time; adequate local resources are, or will be, available for the completion of the program as scheduled, and, in the carrying out of the program, the fullest utilization possible will be made of private initiative and enterprise; administrative machinery is available at the local level for carrying out the program on a consolidated and coordinated basis; substantive local laws, regulations, and other re-

quirements are, or can be expected to be, consistent with the objectives of the program; there exists a relocation plan meeting the requirements of the regulations referred to in section 107; the local governing body has approved the program and, where appropriate, applications for assistance under the program; agencies whose cooperation is necessary to the success of the program have indicated their intent to furnish such cooperation; the program is consistent with comprehensive planning for the entire urban or metropolitan area; and the locality will maintain, during the period an approved comprehensive city demonstration program is being carried out, a level of aggregate expenditures for activities similar to those being assisted under this title which is not less than the level of aggregate expenditures for such activities prior to initiation of the comprehensive city demonstration program; and

(5) the program meets such additional requirements as the Secretary may establish to carry out the purposes of this title.

(b) In implementing this title the Secretary shall—

(1) emphasize local initiative in the planning, development, and implementation of comprehensive city demonstration programs;

(2) insure, in conjunction with other appropriate Federal departments and agencies and at the direction of the President, maximum coordination of Federal assistance provided in connection with this title, prompt response to local initiative, and maximum flexibility in programing, consistent with the requirements of law and sound administrative practice; and

(3) encourage city demonstration agencies to (A) enhance neighborhoods by applying a high standard of design, (B) maintain, as appropriate, natural and historic sites and distinctive neighborhood characteristics, and (C) make maximum possible use of new and improved technology and design, including cost reduction techniques.

(c) The preparation of demonstration city programs should include to the maximum extent feasible (1) the performance of analyses that provide explicit and systematic comparisons of the costs and benefits, financial and otherwise, of alternative possible actions or courses of action designed to fulfill urban needs; and (2) the establishment of programing systems designed to assure effective use of such analyses by city demonstration agencies and by other government bodies.

1 *FINANCIAL ASSISTANCE FOR PLANNING COMPREHENSIVE*
2 *CITY DEMONSTRATION PROGRAMS*

3 *SEC. 104. (a) The Secretary is authorized to make*
4 *grants to, and to contract with, city demonstration agencies*
5 *to pay 80 per centum of the costs of planning and develop-*
6 *ing comprehensive city demonstration programs.*

7 *(b) Financial assistance will be provided under this*
8 *section only if (1) the application for such assistance has*
9 *been approved by the local governing body of the city, and*
10 *(2) the Secretary has determined that there exist (A) ad-*
11 *ministrative machinery through which coordination of all*
12 *related planning activities of local agencies can be achieved,*
13 *and (B) evidence that necessary cooperation of agencies*
14 *engaged in related local planning can be obtained.*

15 *FINANCIAL ASSISTANCE FOR APPROVED COMPREHENSIVE*
16 *CITY DEMONSTRATION PROGRAMS*

17 *SEC. 105. (a) The Secretary is authorized to approve*
18 *comprehensive city demonstration programs if, after review*
19 *of the plans, he determines that such plans satisfy the criteria*
20 *for such programs set forth in section 103.*

21 *(b) The Secretary is authorized to make grants to, and*
22 *to contract with, city demonstration agencies to pay 80 per*
23 *centum of the cost of administering approved comprehensive*
24 *city demonstration programs, but not the cost of adminis-*

1 *tering any project or activity assisted under a Federal grant-*
2 *in-aid program.*

3 *(c) To assist the city to carry out the projects or activ-*
4 *ities included within an approved comprehensive city dem-*
5 *onstration program, the Secretary is authorized to make*
6 *grants to the city demonstration agency of not to exceed*
7 *80 per centum of the aggregate amount of non-Federal*
8 *contributions otherwise required to be made to all projects*
9 *or activities assisted by Federal grant-in-aid programs (as*
10 *defined in section 112(1)) which are carried out in connec-*
11 *tion with such demonstration program: Provided, That no*
12 *Federal grant-in-aid program shall be considered to be car-*
13 *ried out in connection with such demonstration program*
14 *unless it is closely related to the physical and social problems*
15 *in the area of the city covered by the program and unless*
16 *it can reasonably be expected to have a noticeable effect*
17 *upon such problems. The specific amount of any such grant*
18 *shall take into account the number and intensity of the*
19 *economic and social pressures in the sections or neighbor-*
20 *hoods involved, such as those involving or resulting from*
21 *population density, poverty levels, unemployment rate, pub-*
22 *lic welfare participation, educational levels, health and dis-*
23 *ease characteristics, crime and delinquency rate, and degree*
24 *of substandard and dilapidated housing. The amount of*

1 *non-Federal contribution required for each project in a*
2 *Federal grant-in-aid program shall be certified to the Secre-*
3 *tary by the Federal department or agency (other than the*
4 *Department of Housing and Urban Development) admin-*
5 *istering such program, and the Secretary shall accept such*
6 *certification in computing the grants hereunder.*

7 *(d) Grant funds provided pursuant to subsection (c)*
8 *of this section shall be used for projects or activities assisted*
9 *under a Federal grant-in-aid program which are under-*
10 *taken as part of an approved comprehensive city demonstra-*
11 *tion program, or for other projects or activities undertaken*
12 *as part of such demonstration program. If used for proj-*
13 *ects or activities assisted under a Federal grant-in-aid pro-*
14 *gram which are undertaken as part of such demonstration*
15 *program, funds provided pursuant to subsection (c) shall*
16 *be credited as part or all of the required non-Federal con-*
17 *tribution to such projects or activities. Such grant funds,*
18 *however, shall not be used—*

19 *(1) for the general administration of local govern-*
20 *ments; or*

21 *(2) to replace non-Federal contributions in any*
22 *federally aided project or activity included in an ap-*
23 *proved comprehensive city demonstration program, if*
24 *prior to the filing of an application for assistance under*
25 *section 104 an agreement has been entered into with*

any Federal agency obligating such non-Federal contributions with respect to such project or activity.

TECHNICAL ASSISTANCE

SEC. 106. The Secretary is authorized to undertake such activities as he determines to be desirable to provide, either directly or by contracts or other arrangements, technical assistance to city demonstration agencies to assist such agencies in planning, developing, and administering comprehensive city demonstration programs.

RELOCATION REQUIREMENTS AND PAYMENTS

SEC. 107. (a) A comprehensive city demonstration program shall include a plan for the relocation of individuals, families, business concerns, and nonprofit organizations displaced or to be displaced in the carrying out of such program. The relocation plan shall be consistent with regulations prescribed by the Secretary to assure that (1) the provisions and procedures included in the plan meet relocation standards equivalent to those prescribed under section 105(c) of the Housing Act of 1949 with respect to urban renewal projects assisted under title I of that Act, and (2) relocation activities are coordinated to the maximum extent feasible with the increase in the supply of decent, safe, and sanitary housing for families and individuals of low or moderate income, as provided under the comprehensive city demonstration program, or otherwise, in order to best

1 maintain the available supply of housing for all such families
2 and individuals throughout the city.

3 (b)(1) To the extent not otherwise authorized under
4 any Federal law, financial assistance extended to a city
5 demonstration agency under section 105 shall include grants
6 to cover the full cost of relocation payments, as herein de-
7 fined. Such grants shall be in addition to other financial
8 assistance extended to such agency under section 105.

9 (2) The term "relocation payments" means payments
10 by a city demonstration agency to a displaced individual,
11 family, business concern, or nonprofit organization which
12 are made on such terms and conditions and subject to such
13 limitations (to the extent applicable, but not including the
14 date of displacement) as are provided for relocation pay-
15 ments, at the time such payments are approved, by section
16 114 (b), (c), (d), and (e) of the Housing Act of 1949
17 with respect to projects assisted under title I thereof.

18 (c) Subsection (b) shall not be applicable with respect
19 to any displacement occurring prior to the date of the enact-
20 ment of this Act.

21 CONTINUED AVAILABILITY OF FEDERAL GRANT-IN-AID

22 PROGRAM FUNDS

23 SEC. 108. Notwithstanding any other provision of law,
24 unless hereafter enacted expressly in limitation of the pro-
25 visions of this section, funds appropriated for a Federal

1 *grant-in-aid program which are reserved for any projects or*
2 *activities assisted under such grant-in-aid program and un-*
3 *dertaken in connection with an approved comprehensive city*
4 *demonstration program shall remain available until expended.*

5 *CONSULTATION*

6 *SEC. 109. In carrying out the provisions of this title,*
7 *including the issuance of regulations, the Secretary shall*
8 *consult with other Federal departments and agencies ad-*
9 *ministering Federal grant-in-aid programs. The Secretary*
10 *shall consult with each Federal department and agency*
11 *affected by each comprehensive city demonstration program*
12 *before entering into a commitment to make grants for*
13 *such program under section 105.*

14 *LABOR STANDARDS*

15 *SEC. 110. (a) All laborers and mechanics employed*
16 *by contractors or subcontractors in the construction, re-*
17 *habilitation, alteration, or repair of projects which—*

18 *(1) are federally assisted in whole or in part under*
19 *this title and*

20 *(2) are not otherwise subject to section 212 of the*
21 *National Housing Act, section 16(2) of the United*
22 *States Housing Act of 1937, section 109 of the Housing*
23 *Act of 1949, or any other provision of Federal law*
24 *imposing labor standards on federally assisted construc-*
25 *tion,*

1 shall be paid wages at rates not less than those prevailing
 2 on similar construction in the locality as determined by the
 3 Secretary of Labor in accordance with the Davis-Bacon
 4 Act, as amended (40 U.S.C. 276a—276a-5): Provided,
 5 That this section shall apply to the construction, rehabilitation,
 6 alteration, or repair of residential property only if such resi-
 7 dential property is designed for residential use for eight or
 8 more families. No financial assistance shall be extended to
 9 any such projects unless adequate assurance is first obtained
 10 that these labor standards will be maintained upon the con-
 11 struction work.

12 (b) The Secretary of Labor shall have, with respect
 13 to the labor standards specified in subsection (a), the author-
 14 ity and functions set forth in Reorganization Plan Numbered
 15 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-
 16 15), and section 2 of the Act of June 13, 1934, as amended
 17 (48 Stat. 948; 40 U.S.C. 276c), and the Contract Work
 18 Hours Standards Act (76 Stat. 357).

19 APPROPRIATIONS

20 SEC. 111. (a) There are authorized to be appropriated,
 21 for the purpose of financial assistance and administrative
 22 expenses under sections 104 and 106, not to exceed \$12,000,000
 23 for the fiscal year ending June 30, 1967, and not to exceed
 24 \$12,000,000 for the fiscal year ending June 30, 1968.

25 (b) There are authorized to be appropriated, for the

1 purpose of financial assistance and administrative expenses
 2 under sections 105, 106, and 107, not to exceed \$400,000,-
 3 000 for the fiscal year ending June 30, 1968, and not to
 4 exceed \$500,000,000 for the fiscal year ending June 30,
 5 1969.

6 (c) Appropriations authorized under this section shall
 7 remain available until expended.

8 DEFINITIONS

9 SEC. 112. As used in this title—

10 (1) “Federal grant-in-aid program” means a program
 11 of Federal financial assistance other than loans and other
 12 than the assistance provided by this title.

13 (2) “City demonstration agency” means the city, the
 14 county, or any local public agency established or designated
 15 by the local governing body of such city or county to adminis-
 16 ter the comprehensive city demonstration program.

17 (3) “City” means any municipality (or two or more
 18 municipalities acting jointly) or any county or other public
 19 body (or two or more acting jointly) having general govern-
 20 mental powers.

21 (4) “Local” agencies include State agencies and in-
 22 strumentalities providing services or resources to a city or
 23 locality, and “local” resources include those provided to a
 24 city or locality by a State or its agency or instrumentality.

1 GRANT AUTHORITY FOR URBAN RENEWAL PROJECTS
2 WHICH ARE PART OF APPROVED COMPREHENSIVE
3 CITY DEMONSTRATION PROGRAMS

4 SEC. 113. Section 103(b) of the Housing Act of 1949
5 is amended by inserting after the first sentence the follow-
6 ing new sentence: "In addition to the authority to make
7 grants provided in the first sentence of this subsection, the
8 Secretary may contract to make grants under this title, on or
9 after July 1, 1967, in an amount not to exceed \$250,000,-
10 000: Provided, That the authority to contract to make
11 grants provided by this sentence shall be exercised only
12 with respect to an urban renewal project which is identified
13 and scheduled to be carried out as one of the projects or
14 activities included within an approved comprehensive city
15 demonstration program assisted under the provisions of sec-
16 tion 105(c) of the Demonstration Cities and Metropolitan
17 Development Act of 1966."

18 STATE LIMIT

19 SEC. 114. Grants made under section 105 for projects
20 in any one State shall not exceed in the aggregate 15 per
21 centum of the aggregate amount of funds authorized to be
22 appropriated under section 111.

*TITLE II—PLANNED METROPOLITAN
DEVELOPMENT*

FINDINGS AND DECLARATION OF PURPOSE

SEC. 201. (a) The Congress hereby finds that the welfare of the Nation and of its people is directly dependent upon the sound and orderly development and the effective organization and functioning of the metropolitan areas in which two-thirds of its people live and work.

It further finds that the continuing rapid growth of these areas makes it essential that they prepare, keep current, and carry out comprehensive plans and programs for their orderly physical development with a view to meeting efficiently all their economic and social needs.

It further finds that metropolitan areas are especially handicapped in this task by the complexity and scope of governmental services required in such rapidly growing areas, the multiplicity of political jurisdictions and agencies involved, and the inadequacy of the operational and administrative arrangements available for cooperation among them.

It further finds that present requirements for areawide planning and programing in connection with various Federal

1 *programs have materially assisted in the solution of metro-*
2 *politan problems, but that greater coordination of Federal*
3 *programs and additional participation and cooperation are*
4 *needed from the States and localities in perfecting and carry-*
5 *ing out such efforts.*

6 *(b) It is the purpose of this title to provide, through*
7 *greater coordination of Federal programs and through sup-*
8 *plementary grants for certain federally assisted develop-*
9 *ment projects, additional encouragement and assistance to*
10 *States and localities for making comprehensive metropolitan*
11 *planning and programing effective.*

12 *COOPERATION BETWEEN FEDERAL AGENCIES*

13 *SEC. 202. In order to insure that all Federal programs*
14 *related to metropolitan development are carried out in a co-*
15 *ordinated manner—*

16 *(1) the Secretary is authorized to call upon other*
17 *Federal agencies to supply such statistical data, pro-*
18 *gram reports, and other materials as he deems necessary*
19 *to discharge his responsibilities for metropolitan devel-*
20 *opment, and to assist the President in coordinating the*
21 *metropolitan development efforts of all Federal agen-*
22 *cies; and*

23 *(2) all Federal agencies which are engaged in*
24 *administering programs related to metropolitan develop-*
25 *ment, or which otherwise perform functions relating*

thereto, shall, to the maximum extent practicable, consult with and seek advice from all other significantly affected Federal departments and agencies in an effort to assure fully coordinated programs.

METROPOLITAN EXPEDITERS

SEC. 203. Upon the request of one or more duly authorized local officials and after consultation with local governmental authorities in a metropolitan area, the Secretary may appoint a metropolitan expediter for such area whenever he finds a need for the services specified in this section. The metropolitan expediter shall provide information, data, and assistance to local authorities and private individuals and entities within the metropolitan area, and to all relevant Federal departments and agencies, with respect to all programs and activities conducted within such metropolitan area by the Department of Housing and Urban Development, and with respect to other public and private activities and needs within such metropolitan area which relate to the programs and activities of the Department.

COORDINATION OF FEDERAL AIDS IN METROPOLITAN

AREAS

SEC. 204. (a) All applications made after June 30, 1967, for Federal loans or grants to assist in carrying out open-space land projects or for the planning or construction of hospitals, airports, libraries, water supply and distribution

1 facilities, sewerage facilities and waste treatment works,
2 highways, transportation facilities, and water development
3 and land conservation projects within any metropolitan area
4 shall be submitted for review—

5 (1) to any areawide agency which is designated to per-
6 form metropolitan or regional planning for the area with-
7 in which the assistance is to be used, and which is, to
8 the greatest practicable extent, composed of or respon-
9 sible to the elected officials of the units of general local
10 government within whose jurisdiction such agency is
11 authorized to engage in such planning, and

12 (2) if made by a special purpose unit of local
13 government, to the unit or units of general local govern-
14 ment with authority to operate in the area within which
15 the project is to be located.

16 (b)(1) Except as provided in paragraph (2) of this
17 subsection, each application shall be accompanied (A)
18 by the comments and recommendations with respect to
19 the project involved by the areawide agency and gov-
20 erning bodies of the units of general local government to
21 which the application has been submitted for review,
22 and (B) by a statement by the applicant that such com-
23 ments and recommendations have been considered prior
24 to formal submission of the application. Such comments
25 shall include information concerning the extent to which the

1 project is consistent with comprehensive planning developed
2 or in the process of development for the metropolitan
3 area or the unit of general local government, as the case
4 may be, and the extent to which such project contributes
5 to the fulfillment of such planning. The comments and
6 recommendations and the statement referred to in this para-
7 graph shall, except in the case referred to in paragraph (2)
8 of this subsection, be reviewed by the agency of the Federal
9 Government to which such application is submitted for
10 the sole purpose of assisting it in determining whether the
11 application is in accordance with the provisions of Federal
12 law which govern the making of the loans or grants.

13 (2) An application for a Federal loan or grant need
14 not be accompanied by the comments and recommendations
15 and the statements referred to in paragraph (1) of this sub-
16 section, if the applicant certifies that a plan or description
17 of the project, meeting the requirements of such rules and
18 regulations as may be prescribed under subsection (c), or
19 such application, has lain before an appropriate areawide
20 agency or instrumentality or unit of general local govern-
21 ment for a period of sixty days without comments or recom-
22 mendations thereon being made by such agency or instru-
23 mentality.

24 (3) The requirements of paragraphs (1) and (2)
25 shall also apply to any amendment of the application which,

1 *in light of the purposes of this title, involves a major change*
 2 *in the project covered by the application prior to such*
 3 *amendment.*

4 *(c) The Bureau of the Budget, or such other agency as*
 5 *may be designated by the President, is hereby authorized to*
 6 *prescribe such rules and regulations as are deemed appropri-*
 7 *ate for the effective administration of this section.*

8 *GRANTS TO ASSIST IN PLANNED METROPOLITAN*

9 *DEVELOPMENT*

10 *SEC. 205. (a) The Secretary is authorized to make*
 11 *supplementary grants to applicant State and local public*
 12 *bodies and agencies carrying out, or assisting in carrying*
 13 *out, metropolitan development projects meeting the require-*
 14 *ments of this section.*

15 *(b) Grants may be made under this section only for*
 16 *metropolitan development projects in metropolitan areas*
 17 *for which it has been demonstrated, to the satisfaction of the*
 18 *Secretary, that—*

19 *(1) metropolitanwide comprehensive planning and*
 20 *programing provide an adequate basis for evaluating*
 21 *(A) the location, financing, and scheduling of individ-*
 22 *ual public facility projects (including but not limited*
 23 *to hospitals and libraries; sewer, water, and sewage*
 24 *treatment facilities; highway, mass transit, airport, and*
 25 *other transportation facilities; and recreation and other*

1 *open-space areas) whether or not federally assisted; and*
2 *(B) other proposed land development or uses, which*
3 *projects or uses, because of their size, density, type, or*
4 *location, have public metropolitanwide or interjurisdic-*
5 *tional significance;*

6 *(2) adequate metropolitanwide institutional or*
7 *other arrangements exist for coordinating, on the basis*
8 *of such metropolitanwide comprehensive planning and*
9 *programing, local public policies and activities affecting*
10 *the development of the area; and*

11 *(3) public facility projects and other land develop-*
12 *ment or uses which have a major impact on the develop-*
13 *ment of the area are, in fact, being carried out in accord*
14 *with such metropolitanwide comprehensive planning and*
15 *programing.*

16 *(c)(1) Where the applicant for a grant under this sec-*
17 *tion is a unit of general local government, it must demon-*
18 *strate to the satisfaction of the Secretary that, taking into*
19 *consideration the scope of its authority and responsibilities,*
20 *it is adequately assuring that public facility projects and*
21 *other land development or uses of public metropolitanwide*
22 *or interjurisdictional significance are being, and will be,*
23 *carried out in accord with metropolitan planning and pro-*
24 *graming meeting the requirements of subsection (b). In*
25 *making this determination the Secretary shall give special*

1 consideration to whether the applicant is effectively assisting
2 in, and conforming to, metropolitan planning and program-
3 ing through (A) the location and scheduling of public
4 facility projects, whether or not federally assisted; and (B)
5 the establishment and consistent administration of zoning
6 codes, subdivision regulations, and similar land-use and
7 density controls.

8 (2) Where the applicant for a grant under this section
9 is not a unit of general local government, both it and the unit
10 of general local government having jurisdiction over the
11 location of the project must meet the requirements of this
12 subsection.

13 (d) In making the determinations required under this
14 section, the Secretary shall obtain, and give full considera-
15 tion to, the comments of the body or bodies (State or local)
16 responsible for comprehensive planning and programing for
17 the metropolitan area.

18 (e) No grant shall be made under this section with re-
19 spect to a metropolitan development project for which a Fed-
20 eral grant has been made or a contract of assistance has been
21 entered into, under the legislation referred to in paragraph
22 (2) of section 208, prior to February 21, 1966, or more than
23 one year prior to the date on which the Secretary has made
24 the determinations required under this section with respect to
25 the applicant and to the area in which the project is located:

1 *Provided, That in the case of a project for which a contract*
2 *of assistance under the legislation referred to in paragraph*
3 *(2) of section 208 has been entered into after June 30,*
4 *1967, no grant shall be made under this section unless an*
5 *application for such grant has been made on or before the*
6 *date of such contract.*

7 **EXTENT OF GRANT**

8 *SEC. 206. (a) A grant under section 205 shall not*
9 *exceed (1) 20 per centum of the cost of the project for*
10 *which the grant is made; nor (2) the Federal grant made*
11 *with respect to the project under the legislation referred to*
12 *in paragraph (2) of section 208. In no case shall the*
13 *total Federal contributions to the cost of such project be*
14 *more than 80 per centum. Notwithstanding any other pro-*
15 *vision of law, including requirements with respect to non-*
16 *Federal contributions, grants under section 205 shall be*
17 *eligible for inclusion (directly or through refunds or credits)*
18 *as part of the financing for such projects: Provided, That*
19 *projects or activities on the basis of which assistance is pro-*
20 *vided under section 105(c) shall not be eligible for assist-*
21 *ance under section 205.*

22 *(b) There are authorized to be appropriated for grants*
23 *under section 205 not to exceed \$25,000,000 for the fiscal*
24 *year ending June 30, 1967, and not to exceed \$50,000,000*
25 *for the fiscal year ending June 30, 1968. Appropriations*

1 authorized under this section shall remain available until
2 expended.

3 *CONSULTATION AND CERTIFICATION*

4 *SEC. 207. In carrying out his authority under section*
5 *205, including the issuance of regulations, the Secretary shall*
6 *consult with the Department of the Interior; the Department*
7 *of Health, Education, and Welfare; the Department of*
8 *Commerce; and the Federal Aviation Agency with respect*
9 *to metropolitan development projects assisted by those de-*
10 *partments and agencies; and he shall, for the purpose of*
11 *section 206, accept their respective certifications as to the*
12 *cost of those projects and the amount of the non-Federal*
13 *contribution paid or to be paid to that cost.*

14 *DEFINITIONS*

15 *SEC. 208. As used in this title—*

16 (1) *“Metropolitan development” means all projects or*
17 *programs for the acquisition, use, and development of open-*
18 *space land; and the planning and construction of hospitals,*
19 *libraries, airports, water supply and distribution facilities,*
20 *sewerage facilities and waste treatment works, transporta-*
21 *tion facilities, highways, water development and land con-*
22 *servation, and other public works facilities.*

23 (2) *“Metropolitan development project” means a proj-*
24 *ect assisted or to be assisted under section 702 of the*
25 *Housing and Urban Development Act of 1965; title II of the*

1 *Library Services and Construction Act; section 606 of the*
 2 *Public Health Service Act; section 8 of the Federal Water*
 3 *Pollution Control Act; section 120(a) of title 23, United*
 4 *States Code; section 12 of the Federal Airport Act; section 3*
 5 *of the Urban Mass Transportation Act of 1964; title VII*
 6 *of the Housing Act of 1961; or section 5(e) of the Land and*
 7 *Water Conservation Fund Act of 1965; or under section 101*
 8 *(a)(1) of the Public Works and Economic Development*
 9 *Act of 1965 (for a project of a type which the Secretary*
 10 *determines to be eligible for assistance under any of the*
 11 *other provisions listed above).*

12 (3) "State" means any State of the United States, the
 13 District of Columbia, the Commonwealth of Puerto Rico,
 14 any territory or possession of the United States, or an agency
 15 or instrumentality of any of the foregoing.

16 (4) "Metropolitan area" means a standard metro-
 17 politan statistical area as established by the Bureau of the
 18 Budget, subject however to such modifications and exten-
 19 sions as the Secretary may determine to be appropriate for
 20 the purposes of this title.

21 (5) "Comprehensive planning" includes the following,
 22 to the extent directly related to area needs or needs of a unit
 23 of general local government: (A) Preparation, as a guide
 24 for long-range development, of general physical plans with
 25 respect to the pattern and intensity of land use and the pro-

1 vision of public facilities, including transportation facilities;
2 (B) programing of capital improvements based on a de-
3 termination of relative urgency; (C) long-range fiscal plans
4 for implementing such plans and programs; and (D) pro-
5 posed regulatory and administrative measures which aid in
6 achieving coordination of all related plans of the departments
7 or subdivisions of the governments concerned and intergov-
8 ernmental coordination of related planned activities among
9 the State and local governmental agencies concerned.

10 (6) "Hospital" means any public health center or gen-
11 eral, tuberculosis, mental, chronic disease, and other type of
12 hospital and related facilities, such as laboratories, outpatient
13 departments, nurses' home and training facilities, and central
14 service facilities normally operated in connection with hos-
15 pitals, but does not include any hospital furnishing primarily
16 domiciliary care.

17 (7) "Areawide agency" means an official State or
18 metropolitan or regional agency empowered under State or
19 local laws or under an interstate compact or agreement to
20 perform comprehensive planning in an area; an organiza-
21 tion of the type referred to in section 701(g) of the Housing
22 Act of 1954; or such other agency or instrumentality as
23 may be designated by the Governor (or, in the case of
24 metropolitan areas crossing State lines, any one or more of
25 such agencies or instrumentalities as may be designated by

1 the Governors of the States involved) to perform such
2 planning.

3 (8) "Special purpose unit of local government" means
4 any special district, public-purpose corporation, or other
5 limited-purpose political subdivision of a State, but shall not
6 include a school district.

7 (9) "Unit of general local government" means any city,
8 county, town, parish, village, or other general-purpose
9 political subdivision of a State.

10 (10) "Secretary" means the Secretary of Housing and
11 Urban Development.

12 STATE LIMIT

13 SEC. 209. Grants made under section 205 for projects
14 in any one State shall not exceed in the aggregate 15 per
15 centum of the aggregate amount of funds authorized to be
16 appropriated pursuant to section 206(b).

17 TITLE III—FHA INSURANCE OPERATIONS

18 FHA MORTGAGE FINANCING FOR VETERANS

19 SEC. 301. The next to last sentence of section 203(b)
20 (2) of the National Housing Act is amended by striking
21 out "If the mortgagor is a veteran who has not received any
22 direct, guaranteed, or insured loan under laws administered
23 by the Veterans' Administration for the purchase, construc-
24 tion, or repair of a dwelling (including a farm dwelling)
25 which was to be owned and occupied by him as his home,"

1 *and inserting in lieu thereof the following: "If the mortgagor*
 2 *is a veteran,".*

3 *COOPERATIVE HOUSING INSURANCE FUND*

4 *SEC. 302. (a) Section 213(m) of the National Hous-*
 5 *ing Act is amended by striking out " , but only in cases where*
 6 *the consent of the mortgagee or lender to the transfer is ob-*
 7 *tained or a request by the mortgagee or lender for the trans-*
 8 *fer is received by the Commissioner within such period of*
 9 *time after the date of the enactment of this subsection as the*
 10 *Commissioner shall prescribe".*

11 *(b) Section 213(n) of such Act is amended—*

12 *(1) by striking out "insured under this section and*
 13 *sections 207, 231, and 232" and inserting in lieu thereof*
 14 *"the insurance of which is the obligation of either the*
 15 *Management Fund or the General Insurance Fund";*
 16 *and*

17 *(2) by adding at the end thereof the following new*
 18 *sentence: "Premium charges on the insurance of mort-*
 19 *gages or loans transferred to the Management Fund or*
 20 *insured pursuant to commitments transferred to the Man-*
 21 *agement Fund may be payable in debentures which are*
 22 *the obligation of either the Management Fund or the*
 23 *General Insurance Fund."*

24 *(c)(1) The fourth sentence of section 213(k) of such*
 25 *Act is amended to read as follows: "The Secretary is di-*

1 rected to transfer to the Management Fund from the Gen-
 2 eral Insurance Fund an amount equal to the total of the
 3 premium payments theretofore made with respect to the
 4 insurance of mortgages and loans transferred to the Manage-
 5 ment Fund pursuant to subsection (m) minus the total of
 6 any administrative expenses theretofore incurred in connec-
 7 tion with such mortgages and loans, plus such other amounts
 8 as the Secretary determines to be necessary and appropriate.”

9 (2) The second proviso in section 213(l) of such Act
 10 is amended by striking out “pursuant to subsection (k) or
 11 (o)” and inserting in lieu thereof “pursuant to subsection
 12 (o)”.

13 MORTGAGE LIMITS FOR COOPERATIVE HOUSING

14 SEC. 303. Section 213(b)(2) of the National Housing
 15 Act is amended—

16 (1) by striking out “\$9,000”, “\$12,500”, “\$15,-
 17 000”, “\$18,500”, and “\$21,000” in the matter preced-
 18 ing the first proviso and inserting in lieu thereof “\$11,-
 19 500”, “\$15,000”, “\$17,500”, “\$21,000”, and “\$23-
 20 500”, respectively; and

21 (2) by striking out “\$10,500”, “\$15,000”, “\$18,-
 22 000”, “\$22,500” and “\$25,500” in the first proviso
 23 and inserting in lieu thereof “\$13,000”, “\$17,500”,
 24 “\$20,500”, “\$25,000”, and “\$28,000”, respectively.

1 SUPPLEMENTARY FINANCING FOR COOPERATIVE HOUSING

2 SEC. 304. Section 213(j)(2)(A) of the National
 3 Housing Act is amended by adding at the end thereof the
 4 following: "except that, in the case of improvements or
 5 additional community facilities, the outstanding indebted-
 6 ness may be increased by an amount equal to 97 per centum
 7 of the amount which the Secretary estimates will be the
 8 value of such improvements or facilities, and the new out-
 9 standing indebtedness may exceed the original principal
 10 obligation of the mortgage if such new outstanding indebt-
 11 edness does not exceed the limitations imposed by subsec-
 12 tion (b);".

13 MORTGAGE LIMITS UNDER SECTION 220 SALES HOUSING
 14 MORTGAGE INSURANCE PROGRAM

15 SEC. 305. (a) Section 220(d)(3)(A)(i) of the Na-
 16 tional Housing Act is amended by striking out "(3) 75 per
 17 centum of such replacement cost in excess of \$20,000" and
 18 inserting in lieu thereof "(3) 80 per centum of such replace-
 19 ment cost in excess of \$20,000".

20 (b) Section 220(d)(3)(A)(i) of such Act is further
 21 amended by adding before the semicolon at the end thereof
 22 the following: ": Provided further, That if the mortgagor is
 23 a veteran and the mortgage to be insured under this section
 24 covers property upon which there is located a dwelling de-
 25 signed principally for a one-family residence, the principal

1 obligation may be in an amount equal to the sum of (1) 100
 2 per centum of \$15,000 of the Commissioner's estimate of
 3 replacement cost of the property, as of the date the mortgage
 4 is accepted for insurance, (2) 90 per centum of such replace-
 5 ment cost in excess of \$15,000 but not in excess of \$20,000,
 6 and (3) 85 per centum of such replacement cost in excess
 7 of \$20,000. As used herein, the term 'veteran' means any
 8 person who served on active duty in the Armed Forces of
 9 the United States for a period of not less than ninety days
 10 (or is certified by the Secretary of Defense as having per-
 11 formed extra-hazardous service), and who was discharged
 12 or released therefrom under conditions other than dis-
 13 honorable".

14 MORTGAGE LIMITS FOR HOMES UNDER SECTION 221(d)(2)

15 SEC. 306. Section 221(d)(2)(A) of the National
 16 Housing Act is amended by striking out "\$11,000" and
 17 "\$18,000" and inserting in lieu thereof "\$12,500" and
 18 "\$20,000", respectively.

19 NONDWELLING FACILITIES IN SECTION 221 PROJECTS IN
 20 URBAN RENEWAL AREAS

21 SEC. 307. Section 221(f) of the National Housing Act
 22 is amended by inserting before the period at the end of the
 23 first sentence the following: " : Provided, That in the case of
 24 any such property or project located in an urban renewal

1 area, the provisions of section 220(d)(3)(B)(iv) shall ap-
 2 ply with respect to the nondwelling facilities which may be
 3 included in the mortgage if the mortgagor waives the right to
 4 receive dividends on its equity investment in the portion there-
 5 of devoted to community and shopping facilities”.

6 SINGLE OCCUPANTS IN SECTION 221(d)(3) HOUSING

7 SEC. 308. Section 221(f) of the National Housing Act
 8 is amended by adding at the end thereof the following new
 9 sentence: “Low- and moderate-income persons who are
 10 less than 62 years of age shall be eligible for occupancy of
 11 dwelling units in a project financed with a mortgage insured
 12 under subsection (d)(3), but not more than 10 per centum
 13 of the dwelling units in any such project shall be available
 14 for occupancy by such persons.”

15 INSURANCE OF MORTGAGES UNDER SECTION 221 TO
 16 FINANCE PURCHASE AND REHABILITATION BY NON-
 17 PROFIT ORGANIZATIONS OF HOUSING FOR RESALE TO
 18 LOW-INCOME PURCHASERS

19 SEC. 309. (a) Section 221 of the National Housing
 20 Act is amended by adding at the end thereof the following
 21 new subsection:

22 “(h)(1) In addition to mortgages insured under the
 23 other provisions of this section, the Secretary is authorized,
 24 upon application by the mortgagee, to insure under this sub-
 25 section as hereinafter provided any mortgage (including

1 advances under such mortgage during rehabilitation) which
2 is executed by a nonprofit organization to finance the pur-
3 chase and rehabilitation of deteriorating or substandard
4 housing for subsequent resale to low-income home purchasers
5 and, upon such terms and conditions as the Secretary may
6 prescribe, to make commitments for the insurance of such
7 mortgages prior to the date of their execution or disburse-
8 ment thereon.

9 “(2) To be eligible for insurance under paragraph (1)
10 of this subsection, a mortgage shall—

11 “(A) be executed by a private nonprofit corpora-
12 tion or association approved for purposes of this subsec-
13 tion by the Secretary, for the purpose of financing the
14 purchase of property (comprising one or more tracts or
15 parcels, whether or not contiguous) upon which there
16 is located deteriorating or substandard housing consisting
17 of five or more single-family dwellings of detached, semi-
18 detached, or row construction and of rehabilitating such
19 dwellings with a view to subsequent resale as hereinafter
20 provided;

21 “(B) be secured by the property which is to be
22 purchased and rehabilitated with the proceeds thereof;

23 “(C) be in a principal amount not exceeding the
24 appraised value of the property at the time of its pur-

1 *chase under the mortgage plus the estimated cost of the*
2 *rehabilitation;*

3 *“(D) bear interest (exclusive of premium charges*
4 *for insurance and service charge, if any) at the rate in*
5 *effect under the proviso in subsection (d)(5) at the*
6 *time of execution;*

7 *“(E) provide for complete amortization (subject*
8 *to paragraph (5)(E)) by periodic payments within*
9 *such term as the Secretary may prescribe; and*

10 *“(F) provide for the release of individual single-*
11 *family dwellings from the lien of the mortgage upon*
12 *the sale of the rehabilitated dwellings in accordance*
13 *with paragraph (5).*

14 *“(3) No mortgage shall be insured under paragraph*
15 *(1) unless the mortgagor shall have demonstrated to the*
16 *satisfaction of the Secretary that (A) the property to be*
17 *rehabilitated is located in a neighborhood which is suf-*
18 *ficiently stable and contains sufficient public facilities and*
19 *amenities to support long-term values, or (B) the rehabili-*
20 *tation to be carried out by the mortgagor plus its related*
21 *activities and the activities of other owners of housing in*
22 *the neighborhood, together with actions to be taken by*
23 *public authorities, will be of such scope and quality as to*
24 *give reasonable promise that a stable environment will be*
25 *created in the neighborhood.*

1 “(4) The aggregate principal balance of all mortgages
2 insured under paragraph (1) and outstanding at any one
3 time shall not exceed \$20,000,000.

4 “(5)(A) No mortgage shall be insured under para-
5 graph (1) unless the mortgagor enters into an agreement
6 (in form and substance satisfactory to the Secretary) that
7 it will offer to sell the dwellings involved, upon com-
8 pletion of their rehabilitation, to individuals or families
9 (hereinafter referred to as ‘low-income purchasers’) deter-
10 mined by the Secretary to have incomes below the maximum
11 amount specified (with respect to the area involved) in sec-
12 tion 101(c)(1) of the Housing and Urban Development
13 Act of 1965.

14 “(B) The Secretary is authorized to insure under this
15 paragraph mortgages executed to finance the sale of indi-
16 vidual dwellings to low-income purchasers as provided in
17 subparagraph (A). Any such mortgage shall—

18 “(i) be in a principal amount equal to that portion
19 of the unpaid balance of the principal mortgage covering
20 the property (insured under paragraph (1)) which is
21 allocable to the individual dwelling involved; and

22 “(ii) bear interest at the same rate as the prin-
23 cipal mortgage, and provide for complete amortization
24 by periodic payments within a term equal to the re-

1 *maining term (determined without regard to subpara-*
2 *graph (E)) of such principal mortgage.*

3 *“(C) The price for which any individual dwelling is*
4 *sold to a low-income purchaser under this paragraph shall*
5 *be the amount of the mortgage covering the sale as deter-*
6 *mined under subparagraph (B), except that the purchaser*
7 *shall in addition thereto be required to pay on account of*
8 *the property at the time of purchase such amount (which*
9 *shall not be less than \$200, but which may be applied*
10 *in whole or in part toward closing costs) as the Secretary*
11 *may determine to be reasonable and appropriate in the*
12 *circumstances.*

13 *“(D) Upon the sale under this paragraph of any indi-*
14 *vidual dwelling, such dwelling shall be released from the lien*
15 *of the principal mortgage, and such mortgage shall there-*
16 *upon be replaced by an individual mortgage insured under*
17 *this paragraph to the extent of the portion of its unpaid*
18 *balance which is allocable to the dwelling covered by such*
19 *individual mortgage. Until all of the individual dwellings in*
20 *the property covered by the principal mortgage have been*
21 *sold, the mortgagor shall hold and operate the dwellings re-*
22 *maining unsold at any given time as though they constituted*
23 *rental units in a project covered by a mortgage which is*
24 *insured under subsection (d)(3) (and which receives the*

1 *benefits of the interest rate provided for in the proviso in*
2 *subsection (d)(5)).*

3 “(E) *Upon the sale under this paragraph of all of the*
4 *individual dwellings in the property covered by the prin-*
5 *cipal mortgage, and the release of all individual dwellings*
6 *from the lien of the principal mortgage, the insurance of*
7 *the principal mortgage shall be terminated and no adjusted*
8 *premium charge shall be charged by the Secretary upon*
9 *such termination.*

10 “(F) *Any mortgage insured under this paragraph shall*
11 *contain a provision that if the low-income mortgagor does*
12 *not continue to occupy the property the interest rate shall*
13 *increase to the highest rate permissible under this section*
14 *and the regulations of the Secretary effective at the time of*
15 *commitment for insurance of the principal mortgage; except*
16 *that the increase in interest rate shall not be applicable if*
17 *the property is sold and the purchaser is (i) the nonprofit*
18 *organization which executed the principal mortgage, (ii) a*
19 *public housing agency having jurisdiction under the United*
20 *States Housing Act of 1937 over the area where the dwelling*
21 *is located, or (iii) a low-income purchaser approved for the*
22 *purposes of this paragraph by the Secretary.”*

23 “(b)(1) *Section 221(g)(1) of such Act is amended*
24 *by inserting after “paragraph (2) of subsection (d) of this*

1 section" the following: "or paragraph (5) of subsection (h)
2 of this section".

3 (2) Section 221(g)(2) of such Act is amended by in-
4 serting after "paragraph (3) or (4) of subsection (d) of
5 this section" the following: "or paragraph (1) of subsection
6 (h) of this section".

7 (c) Section 221(f) of such Act is amended by inserting
8 after "Housing Act of 1961," in the fourth sentence "or
9 which meet the requirements of subsection (h),".

10 (d) Section 305(h) of such Act is amended by striking
11 out "section 221(d)(3)" and inserting in lieu thereof "sec-
12 tions 221(d)(3) and 221(h)".

13 APPLICATION OF DAVIS-BACON ACT TO COOPERATIVE
14 HOUSING PROJECTS INSURED UNDER SECTION 221
15 (d)(3) AND (d)(4) AND MORTGAGES INSURED UNDER
16 SECTION 221(h)(1)

17 SEC. 310. The third sentence of section 212(a) of the
18 National Housing Act is amended by striking out "subsection
19 (d)(3) or (d)(4)." and inserting in lieu thereof "subsection
20 (d)(3) or (d)(4) and (deeming the term 'construction'
21 as used in the first sentence of this subsection to mean rehabil-
22 itation) of any mortgage described in subsection (h)(1)
23 which covers property on which there is located a dwelling
24 or dwellings designed principally for residential use for

1 more than eight families; except that compliance with such pro-
 2 visions may be waived by the Secretary—

3 “(1) with respect to mortgages described in such
 4 subsection (d)(3) or (d)(4), in cases or classes of
 5 cases where laborers or mechanics (not otherwise em-
 6 ployed at any time in the construction of the project)
 7 voluntarily donate their services without compensation
 8 for the purpose of lowering their housing costs in a
 9 cooperative housing project and the Secretary determines
 10 that any amounts saved thereby are fully credited to the
 11 cooperative undertaking the construction, and

12 “(2) with respect to mortgages described in such
 13 subsection (h)(1), in cases or classes of cases where
 14 prospective owners of such dwellings voluntarily donate
 15 their services without compensation, or other persons
 16 (not otherwise employed at any time in the rehabilitation
 17 of the property) voluntarily donate their services with-
 18 out compensation, and the Secretary determines that
 19 any amounts saved thereby are fully credited to the
 20 nonprofit organization undertaking the rehabilitation.”

21 **WAIVER OF DEDUCTION ON ASSIGNMENT OF PROPERTY TO**
 22 **SECRETARY IN LIEU OF FORECLOSURE**

23 **SEC. 311.** Title V of the National Housing Act is
 24 amended by adding at the end thereof the following new
 25 section:

1 “WAIVER OF DEDUCTION ON ASSIGNMENT OF PROPERTY
2 TO SECRETARY IN LIEU OF FORECLOSURE

3 “SEC. 523. Notwithstanding any other provision of this
4 Act, from and after the date of the enactment of the Housing
5 and Urban Development Act of 1966, the Secretary, under
6 such terms and conditions as he may approve, may waive
7 all or a part of the 1 per centum deduction otherwise made
8 from insurance benefits with respect to multifamily housing
9 or land development mortgages assigned to him, where the
10 assignment is made at his request in lieu of foreclosure of
11 the mortgage.”

12 ARMED SERVICES HOUSING MORTGAGE INSURANCE
13 PROGRAM

14 SEC. 312. (a) Section 803(a) of the National Housing
15 Act is amended—

16 (1) by striking out “\$2,300,000,000” and inserting
17 in lieu thereof “\$3,350,000,000”;

18 (2) by striking out “October 1, 1962” and inserting
19 in lieu thereof “October 1, 1969”; and

20 (3) by striking out “twenty-eight thousand” and
21 inserting in lieu thereof “eighty-eight thousand”.

22 (b) Section 803(b) of such Act is amended—

23 (1) by striking out “\$16,500” each place it ap-
24 pears in paragraph (3)(B) and inserting in lieu thereof
25 “\$17,500”; and

(2) by striking out “ $4\frac{1}{2}$ per centum” in the sentence following paragraph (3)(C) and inserting in lieu thereof “ $5\frac{1}{2}$ per centum”.

INCREASE IN UNITS INSURABLE UNDER SECTION 810

PROGRAM

SEC. 313. Section 810(i) of the National Housing Act is amended by striking out “five thousand dwelling units” and inserting in lieu thereof “ten thousand dwelling units”.

TITLE IV—LAND DEVELOPMENT AND NEW COMMUNITIES

MORTGAGE INSURANCE FOR NEW COMMUNITIES

SEC. 401. Title X of the National Housing Act is amended by inserting after section 1003 the following new section 1004 and redesignating the remaining sections accordingly:

“NEW COMMUNITIES

“SEC. 1004. (a) New communities consisting of developments, satisfying all other requirements under this title, may be approved under this section by the Secretary for mortgage insurance if they meet the requirements of subsection (b) of this section.

“(b) A development shall be eligible for approval as a new community if the Secretary determines it will, in

1 view of its size and scope, make a substantial contribution
2 to the sound and economic growth of the area within which
3 it is located in the form of—

4 “(1) substantial economies, made possible through
5 large-scale development, in the provision of improved
6 residential sites;

7 “(2) adequate housing to be provided for those
8 who would be employed in the community or the sur-
9 rounding area;

10 “(3) maximum accessibility from the new residen-
11 tial sites to industrial or other employment centers and
12 commercial, recreational, and cultural facilities in or
13 near the community; and

14 “(4) maximum accessibility to any major central
15 city in the area”.

16 MORTGAGE AMOUNT AND TERM

17 SEC. 402 (a) Section 1002(c) of the National Housing
18 Act is amended by striking out “\$10,000,000” and insert-
19 ing in lieu thereof “\$25,000,000”.

20 (b) Section 1002(d)(1) of such Act is amended to
21 read as follows:

22 “(1) contain repayment provisions satisfactory to
23 the Secretary and have a maturity not to exceed seven
24 years, or such longer maturity as the Secretary deems
25 reasonable (A) in the case of a privately owned system

for water or sewerage, and (B) in the case of a new community approved under section 1004;”.

ENCOURAGEMENT OF SMALL BUILDERS

SEC. 403. The section of the National Housing Act redesignated as section 1005 by section 401 of this Act is amended by inserting “particularly small builders,” after “broad participation by builders,”.

WATER AND SEWERAGE FACILITIES

SEC. 404. The section of the National Housing Act redesignated as section 1006 by section 401 of this Act is amended to read as follows:

“WATER AND SEWERAGE FACILITIES

“SEC. 1006. After development of the land it shall be served by public systems for water and sewerage which are consistent with other existing or prospective systems within the area, except that—

“(a) in the case of systems for water, the land may be served by privately or cooperatively owned systems which are consistent with other existing or prospective systems within the area; are approved as adequate by the Secretary; and are regulated in a manner acceptable to him with respect to user rates and charges, capital structure, methods of operation, rate of return, and conditions and terms of any sale or transfer; and

1 “(b) in the case of systems for sewerage, the land
2 may be served by—

3 “(1) existing privately or cooperatively owned
4 systems (including reasonable extensions thereto)
5 which are approved as adequate by the Secretary
6 and are regulated in a manner acceptable to him;
7 or

8 “(2) if it is necessary to develop a new system
9 and the Secretary determines that public ownership
10 of such a system is not feasible, an adequate pri-
11 vately or cooperatively owned new system (A) which
12 he finds consistent with other existing or prospective
13 systems within the area, (B) which will be regu-
14 lated, during the period of such ownership, in a man-
15 ner acceptable to him with respect to user rates and
16 charges, capital structure, methods of operation, and
17 rate of return, and (C) regarding which he receives
18 assurances, satisfactory to him, with respect to even-
19 tual public ownership and operation of the system
20 and with respect to the conditions and terms of any
21 sale or transfer.”

1 *FEDERAL NATIONAL MORTGAGE ASSOCIATION SPECIAL*

2 *ASSISTANCE FOR NEW COMMUNITIES*

3 *SEC. 405. Section 302(b) of the National Housing Act*
4 *is amended by inserting after "or title VIII," in the proviso*
5 *the following: "or under title X with respect to a new com-*
6 *munity approved under section 1004 thereof,".*

7 *URBAN PLANNING GRANTS*

8 *SEC. 406. Section 701(a)(4) of the Housing Act of*
9 *1954 is amended by inserting before the semicolon at the*
10 *end thereof the following: ", or for areas where rapid urbani-*
11 *zation is expected to result on land developed or to be devel-*
12 *oped as a new community approved under section 1004*
13 *of the National Housing Act"'.*

14 *PUBLIC FACILITY LOANS*

15 *SEC. 407. Section 202(b)(4) of the Housing Amend-*
16 *ments of 1955 is amended by adding before the period at*
17 *the end of the second sentence the following: ", or (iii) to*
18 *be provided in connection with the establishment of a new*
19 *community approved under section 1004 of the National*
20 *Housing Act"'.*

*TITLE V—MORTGAGE INSURANCE FOR
GROUP PRACTICE FACILITIES*

PURPOSE

SEC. 501. It is the purpose of this title to assure the availability of credit on reasonable terms to units or organizations engaged in the group practice of medicine, optometry, or dentistry, particularly those in smaller communities, to assist in financing the construction and equipment of group practice facilities.

ESTABLISHMENT OF PROGRAM

SEC. 502. (a) The National Housing Act is amended by adding at the end thereof the following new title:

*“TITLE XI—MORTGAGE INSURANCE FOR
GROUP PRACTICE FACILITIES*

“INSURANCE OF MORTGAGES

“SEC. 1101. (a) The Secretary is authorized (1) to insure mortgages (including advances on such mortgages during construction), upon such terms and conditions as he may prescribe, in accordance with the provisions of this title, and (2) to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon. No mortgage shall be insured under this title after October 1, 1969, except pursuant to a commitment to insure issued before that date.

“(b) To be eligible for insurance under this title, the

1 mortgage shall (1) be executed by a mortgagor that is
2 a group practice unit or organization, approved by the Sec-
3 retary, (2) be made to and held by a mortgagee ap-
4 proved by the Secretary as responsible and able to service
5 the mortgage properly, and (3) cover a property or project
6 which is approved for mortgage insurance prior to the be-
7 ginning of construction or rehabilitation and is designed for
8 use as a group practice facility which the Secretary finds
9 will be constructed in an economical manner, will not be of
10 elaborate or extravagant design or materials, and will be
11 adequate and suitable for carrying out the purposes of this
12 title. No mortgage shall be insured under this title unless
13 it is shown to the satisfaction of the Secretary that the
14 applicant would be unable to obtain the mortgage loan
15 without such insurance on terms comparable to those speci-
16 fied in subsection (c).

17 “(c) The mortgage shall—

18 “(1) not exceed \$5,000,000;

19 “(2) not exceed 90 per centum of the amount
20 which the Secretary estimates will be the value of the
21 property or project when construction or rehabilitation
22 is completed. The value of the property may include
23 the land and the proposed physical improvements, equip-
24 ment, utilities within the boundaries of the property,

1 architects' fees, taxes, and interest accruing during con-
2 struction or rehabilitation, and other miscellaneous
3 charges incident to construction or rehabilitation and
4 approved by the Secretary;

5 “(3) have a maturity satisfactory to the Secretary
6 but not to exceed twenty-five years, and provide for
7 complete amortization of the principal obligation by
8 periodic payments within such term as the Secretary
9 shall prescribe; and

10 “(4) bear interest (exclusive of premium charges
11 for insurance, and service charges if any) at a rate of
12 not to exceed 5 per centum per annum of the amount of
13 the principal obligation outstanding at any time, or not
14 to exceed such rate (not in excess of 6 per centum per
15 annum) as the Secretary finds necessary to meet the
16 mortgage market.

17 “(d) Any contract of insurance executed by the Secre-
18 tary under this title shall be conclusive evidence of the
19 eligibility of the mortgage for insurance, and the validity of
20 any contract for insurance so executed shall be incontestable
21 in the hands of an approved mortgagee from the date of the
22 execution of such contract, except for fraud or misrepresenta-
23 tion on the part of such approved mortgagee.

24 “(e) Each mortgage insured under this title shall con-
25 tain an undertaking (in accordance with regulations pre-

1 scribed under this title and in force at the time the mortgage
2 is approved for insurance) to the effect that, except as
3 authorized by the Secretary and the mortgagee, the prop-
4 erty will be used as a group practice facility until the
5 mortgage has been paid in full or the contract of insurance
6 otherwise terminated.

7 “(f) No mortgage shall be insured under this title
8 unless the mortgagor and the mortgagee certify (1) that
9 they will keep such records relating to the mortgage trans-
10 action and indebtedness, to the construction of the facility
11 covered by the mortgage, and to the use of such facility as
12 a group practice facility as are prescribed by the Secretary
13 at the time of such certification, (2) that they will make
14 such reports as may from time to time be required by the
15 Secretary pertaining to such matters, and (3) that the
16 Secretary shall have access to and the right to examine and
17 audit such records.

18 “PREMIUMS

19 “SEC. 1102. The Secretary shall fix premium charges
20 for the insurance of mortgages under this title, but such
21 charges shall not be more than 1 per centum per annum
22 of the amount of the principal obligation of the mortgage
23 outstanding at any time, without taking into account delin-
24 quent payments or prepayments. In addition to the pre-
25 mium charge, the Secretary is authorized to charge and col-

1 lect such amounts as he may deem reasonable for the analysis
2 of a proposed project and the appraisal and inspection of
3 the property and improvements. Where the principal obli-
4 gation of any mortgage accepted for insurance under this
5 title is paid in full prior to the maturity date, the Secretary
6 is authorized to require the payment by the mortgagee of
7 an adjusted premium charge. This charge shall be in such
8 amount as the Secretary determines to be equitable, but not
9 in excess of the aggregate amount of the premium charges
10 that the mortgagee would otherwise have been required to
11 pay if the mortgage had continued to be insured until the
12 maturity date. Where such prepayment occurs, the Secre-
13 tary is authorized to refund to the mortgagee for the account
14 of the mortgagor all, or such portion as he shall determine
15 to be equitable, of the current unearned premium charges
16 theretofore paid. Premium charges fixed under this section
17 shall be payable by the mortgagee either in cash, or in de-
18 bentures which are the obligation of the General Insurance
19 Fund at par plus accrued interest, at such times and in such
20 manner as may be prescribed by the Secretary.

21 "PAYMENT OF INSURANCE BENEFITS

22 "SEC. 1103. The mortgagee shall be entitled to receive
23 the benefits of the insurance under this title in the manner
24 provided in subsection (g) of section 207 with respect to
25 mortgages insured under that section. For such purpose the

1 provisions of subsections (g), (h), (i), (j), (k), (l), and
2 (n) of section 207 shall apply to mortgages insured under
3 this title and all references in such subsections to section
4 207 shall be deemed to refer to this title.

5 "REGULATIONS

6 "SEC. 1104. The Secretary shall prescribe such regu-
7 lations as may be necessary to carry out this title, after con-
8 sulting with the Secretary of Health, Education, and Wel-
9 fare with respect to any health or medical aspects of the
10 program under this title which may be involved in such
11 regulations.

12 "ADMINISTRATION

13 "SEC. 1105. (a) At the request of individuals or orga-
14 nizations operating or contemplating the operation of group
15 practice facilities (as defined in section 1106(1)), the Sec-
16 retary may provide or obtain technical assistance in the
17 planning for and construction of such facilities.

18 "(b) With a view to avoiding unnecessary duplication
19 of existing staffs and facilities of the Federal Government,
20 the Secretary is authorized to utilize available services and
21 facilities of any agency of the Federal Government in carry-
22 ing out the provisions of this title, and to pay for such serv-
23 ices and facilities, either in advance or by way of reimburse-
24 ment, in accordance with an agreement between the Secre-
25 tary and the head of such agency.

“DEFINITIONS

“SEC. 1106. For the purposes of this title—

“(1) The term ‘group practice facility’ means a facility in a State for the provision of preventive, diagnostic, and treatment services to ambulatory patients (in which patient care is under the professional supervision of persons licensed to practice medicine or surgery in the State or, in the case of optometric care or treatment, is under the professional supervision of persons licensed to practice optometry in the State, or, in the case of dental diagnosis or treatment, is under the professional supervision of persons licensed to practice dentistry in the State) and which is primarily for the provision of such health services by a medical or dental group.

“(2) The term ‘medical or dental group’ means a partnership or other association or group of persons licensed to practice medicine or surgery in the State, or of persons licensed to practice optometry in the State, or of persons licensed to practice dentistry in the State, or of any combination of such persons, who, as their principal professional activity and as a group responsibility, engage or undertake to engage in the coordinated practice of their profession primarily in one or more group practice facilities, and who (in this connection) share common overhead expenses (if and to the extent such expenses are paid by members of the group), medical and other records, and substantial portions of the

1 *equipment and the professional, technical, and administra-*
2 *tive staffs, and which partnership or association or group is*
3 *composed of at least such professional personnel and makes*
4 *available at least such health services as may be provided*
5 *in regulations prescribed under this title.*

6 “(3) The term ‘group practice unit or organization’
7 means—

8 “(A) a private nonprofit agency or organization
9 undertaking to provide, directly or through arrange-
10 ments with a medical or dental group, comprehensive
11 medical care, optometric care, or dental care, or any
12 combination thereof, which may include hospitalization,
13 to members or subscribers primarily on a group practice
14 prepayments basis;

15 “(B) a private nonprofit agency or organization
16 established for the purpose of improving the availability
17 of medical, optometric, or dental care in the community
18 or having some function or functions related to the
19 provision of such care, which will, through lease or
20 other arrangement, make the group practice facility
21 with respect to which assistance has been requested under
22 this title available to a medical or dental group for use
23 by it; or

24 “(C) a medical or dental group.

1 “(4) The term ‘nonprofit organization’ means a corpo-
2 ration, association, foundation, trust, or other organization
3 no part of the net earnings of which inures, or may lawfully
4 inure, to the benefit of any private shareholder or individual
5 except, in the case of an organization the purposes of which
6 include the provision of personal health services to its mem-
7 bers or subscribers or their dependents under a plan of such
8 organization for the provision of such services to them
9 (which plan may include the provision of other services
10 or insurance benefits to them), through the provision of
11 such health services (or such other services or insurance
12 benefits) to such members or subscribers or dependents
13 under such plan.

14 “(5) The term ‘State’ includes the Commonwealth of
15 Puerto Rico, Guam, the Virgin Islands, American Samoa,
16 and the District of Columbia.

17 “(6) The term ‘mortgage’ means a first mortgage on
18 real estate in fee simple, or on the interest of either the
19 lessor or lessee thereof (A) under a lease for not less than
20 ninety-nine years which is renewable, or (B) under a lease
21 having a period of not less than fifty years to run from the
22 date the mortgage was executed. The term ‘first mortgage’
23 means such classes of first liens as are commonly given to
24 secure advances (including but not limited to advances dur-
25 ing construction) on, or the unpaid purchase price of, real

1 estate under the laws of the State in which the real estate is
 2 located, together with the credit instrument or instruments,
 3 if any, secured thereby, and any mortgage may be in the
 4 form of one or more trust mortgages or mortgage indentures
 5 or deeds of trust, securing notes, bonds, or other credit in-
 6 struments, and, by the same instrument or by a separate in-
 7 strument, may create a security interest in initial equipment,
 8 whether or not attached to the realty.

9 “(7) The term ‘mortgagee’ means the original lender
 10 under a mortgage, and his or its successors and assigns, and
 11 includes the holders of credit instruments issued under a
 12 trust mortgage or deed of trust pursuant to which such
 13 holders act by and through a trustee named therein.

14 “(8) The term ‘mortgagor’ means the original bor-
 15 rower under a mortgage and his or its successors and
 16 assigns.”

17 (b) The first sentence of section 227 of such Act is
 18 amended by inserting after “new or rehabilitated multifamily
 19 housing” the following: “or a property or project described
 20 in title XI”.

21 LABOR STANDARDS

22 SEC. 503. Section 212(a) of the National Housing
 23 Act is amended by adding at the end thereof the following
 24 new sentence: “The provisions of this section shall also

1 *apply to the insurance of any mortgage under title XI;*
 2 *and each laborer or mechanic employed on any facility cov-*
 3 *ered by a mortgage insured under such title shall receive*
 4 *compensation at a rate not less than one and one-half times*
 5 *his basic rate of pay for all hours worked in any workweek*
 6 *in excess of eight hours in any workday or forty hours in the*
 7 *workweek, as the case may be."*

8 *AMENDMENTS TO OTHER FEDERAL LAWS*

9 *SEC. 504. (a)(1) The sixth sentence of paragraph*
 10 *"Seventh" of section 5136 of the Revised Statutes, as*
 11 *amended (12 U.S.C. 24), is amended by inserting after*
 12 *"Federal Home Loan Banks," the following: "or obliga-*
 13 *tions which are insured by the Secretary of Housing and*
 14 *Urban Development under title XI of the National Housing*
 15 *Act".*

16 *(2) The third sentence of the first paragraph of section*
 17 *24 of the Federal Reserve Act, as amended (12 U.S.C.*
 18 *371), is amended by inserting after "or sections 1471-1484*
 19 *of title 42," the following: "or which are insured by the*
 20 *Secretary of Housing and Urban Development pursuant to*
 21 *title XI of the National Housing Act,".*

22 *(b) Subsection (a) of section 304 of the Trust Inden-*
 23 *ture Act of 1939 (15 U.S.C. 77ddd) is amended by striking*
 24 *out the word "or" at the end of paragraph (8); by striking*
 25 *out the period at the end of paragraph (9) and inserting in*

1 *lieu thereof a semicolon and the word "or"; and by adding*
 2 *after paragraph (9) a new paragraph as follows:*

3 *"(10) any security issued under a mortgage or*
 4 *trust deed indenture as to which a contract of insurance*
 5 *under title XI of the National Housing Act is in effect;*
 6 *and any such security shall be deemed to be exempt from*
 7 *the provisions of the Securities Act of 1933 to the same*
 8 *extent as though such security were specifically enumer-*
 9 *ated in section 3(a)(2), as amended, of the Securities*
 10 *Act of 1933 (15 U.S.C. 77c(a)(2))."*

11 *(c) Section 263 of chapter X of the Bankruptcy Act*
 12 *(11 U.S.C. 663) is amended by adding at the end thereof*
 13 *the following: "Nothing contained in this chapter shall be*
 14 *deemed to affect or apply to the creditors of any corporation*
 15 *under a mortgage insured pursuant to title XI of the National*
 16 *Housing Act."*

17 *TITLE VI—PRESERVATION OF HISTORIC*
 18 *STRUCTURES*

19 *PRESERVATION OF HISTORIC STRUCTURES AS PART OF*
 20 *URBAN RENEWAL PROJECTS*

21 *SEC. 601. (a) Section 110(b) of the Housing Act of*
 22 *1949 is amended by inserting "historic and architectural*
 23 *preservation," after "land acquisition,".*

24 *(b) Section 110(c)(6) of such Act is amended by*

1 inserting "to promote historic and architectural preserva-
 2 tion," after "deterioration,".

3 (c) Section 110(c) of such Act is further amended
 4 by striking out "and" at the end of clause (8), and by
 5 striking out clause (9) and inserting in lieu thereof the
 6 following:

7 " (9) relocation within or outside the project area
 8 of structures which will be restored and maintained for
 9 architectural or historic purposes; and
 10 " (10) restoration of acquired properties of historic
 11 or architectural value."

12 LOCAL GRANT-IN-AID CREDIT FOR RELOCATION AND
 13 RESTORATION OF HISTORIC STRUCTURES

14 SEC. 602. Clause (2) of section 110(d) of the Housing
 15 Act of 1949 is amended by striking out "clause (2) and
 16 clause (3)" and inserting in lieu thereof "clauses (2), (3),
 17 (9), and (10)".

18 GRANTS TO NATIONAL TRUST FOR HISTORIC
 19 PRESERVATION TO COVER RESTORATION COSTS

20 SEC. 603. (a) The Secretary of Housing and Urban
 21 Development is authorized to make grants to the National
 22 Trust for Historic Preservation, on such terms and conditions
 23 and in such amounts (not exceeding \$90,000 with respect to
 24 any one structure) as he deems appropriate, to cover the
 25 costs incurred by such Trust in renovating or restoring

1 structures which it considers to be of historic or architectural
 2 value and which it has accepted and will maintain (after
 3 such renovation or restoration) for historic purposes.

4 (b) There are authorized to be appropriated such sums
 5 as may be necessary for the grants to be made under sub-
 6 section (a).

7 URBAN PLANNING GRANTS FOR SURVEYS OF HISTORIC
 8 STRUCTURES

9 SEC. 604. Section 701 of the Housing Act of 1954 is
 10 amended by adding at the end thereof the following new
 11 subsection:

12 “(h) In addition to the other grants authorized by this
 13 section, the Secretary is authorized to make grants to assist
 14 any city, other municipality, or county in making a survey
 15 of the structures and sites in such locality which are deter-
 16 mined by its appropriate authorities to be of historic or
 17 architectural value. Any such survey shall be designed to
 18 identify the historic structures and sites in the locality,
 19 determine the cost of their rehabilitation or restoration, and
 20 provide such other information as may be necessary or ap-
 21 propriate to serve as a foundation for a balanced and effective
 22 program of historic preservation in such locality. The as-
 23 pects of any such survey which relate to the identification
 24 of historic and architectural values shall be conducted in
 25 accordance with criteria found by the Secretary to be com-

1 *parable to those used in establishing the National Register*
 2 *maintained by the Secretary of the Interior under other*
 3 *provisions of law; and the results of each such survey*
 4 *shall be made available to the Secretary of the Interior.*
 5 *A grant under this subsection shall not exceed two-thirds of*
 6 *the cost of the survey for which it is made, and shall be*
 7 *made to the appropriate agency or entity specified in para-*
 8 *graphs (1) through (9) of subsection (a) or, if there is*
 9 *no such agency or entity which is qualified and willing to*
 10 *receive the grant and provide for its utilization in accordance*
 11 *with this subsection, directly to the city, other municipality,*
 12 *or county involved."*

13 *LOANS FOR ACQUISITION AND REHABILITATION OF*
 14 *HISTORIC STRUCTURES*

15 *SEC. 605. (a) Section 312(a) of the Housing Act of*
 16 *1964 is amended by inserting "(1)" after "(a)", by strik-*
 17 *ing out the second sentence, and by adding at the end thereof*
 18 *the following new paragraphs:*

19 *"(2) To assist in the preservation of historic structures*
 20 *both within and outside of urban renewal areas, the Secre-*
 21 *tary is also authorized under this section to make loans to*
 22 *the owners or tenants of structures which are determined in*
 23 *accordance with regulations prescribed by him to be of his-*
 24 *toric or architectural value to finance the rehabilitation or*
 25 *restoration of such structures, and to make loans to other*

1 persons to finance the acquisition and rehabilitation or res-
 2 toration by them of structures which are determined in
 3 accordance with such regulations to be of historic or archi-
 4 tectural value.

5 “(3) No loan shall be made under this section unless
 6 the Secretary finds (A) that the applicant is unable to secure
 7 the necessary funds from other sources upon comparable
 8 terms and conditions, and (B) the loan is an acceptable
 9 risk, taking into consideration the security available for the
 10 loan, the ability of the applicant to repay the loan, and the
 11 need for the rehabilitation or restoration involved.

12 “(4) Nothing in this section shall prevent a person
 13 from receiving a loan under this section with respect to
 14 property in connection with which he receives a grant under
 15 section 115 of the Housing Act of 1949, if and to the
 16 extent that such person is otherwise eligible to receive such
 17 loan under this section.”

18 (b)(1) The heading of section 312 of such Act is
 19 amended to read as follows:

20 “LOANS FOR REHABILITATION OR HISTORIC
 21 PRESERVATION”.

22 (2) Section 312(b)(1) of such Act is amended by
 23 striking out “or the urban renewal plan” and inserting in
 24 lieu thereof “, or the urban renewal plan if any,”.

25 (3) Section 312(b)(3) of such Act is amended by

1 striking out "rehabilitation loan" and inserting in lieu
2 thereof "loan".

3 (4) So much of section 312(c) of such Act as precedes
4 paragraph (1) thereof as amended by striking out "rehabili-
5 tation loan" and inserting in lieu thereof "loan".

6 (5) Section 312(c)(4) of such Act is amended by
7 striking out "the cost of rehabilitation" in subparagraphs
8 (A) and (B) and inserting in lieu thereof in each instance
9 "the cost of the rehabilitation, restoration, or acquisition and
10 restoration".

11 GRANTS FOR HISTORIC PRESERVATION

12 SEC. 606. (a) The heading of title VII of the Hous-
13 ing Act of 1961 is amended to read as follows:

14 "TITLE VII—OPEN-SPACE LAND, URBAN
15 BEAUTIFICATION, AND HISTORIC PRES-
16 ERVATION".

17 (b) Section 701 of such Act is amended by redesignig-
18 nating subsection (c) as subsection (d), and by inserting
19 after subsection (b) a new subsection as follows:

20 "(c) The Congress further finds that there is a need
21 for timely action to preserve and restore areas, sites, and
22 structures of historic or architectural value in order that
23 these remaining evidences of our past history and heritage
24 shall not be lost or destroyed through the expansion and
25 development of the Nation's urban areas."

1 (c) Section 701(d) of such Act (as redesignated by
2 subsection (b) of this section) is amended—

3 (1) by inserting after “urban development,” the
4 following: “to assist in preserving areas and properties
5 of historic or architectural value,”; and

6 (2) by striking out “and (2)” and inserting in lieu
7 thereof “(2) acquire, improve, and restore areas, sites,
8 and structures of historic or architectural value,
9 and (3)”.

10 (d) Section 702(e) of such Act is amended to read as
11 follows:

12 “(e) The Secretary shall consult with the Secretary
13 of the Interior on the general policies to be followed in re-
14 viewing applications for grants under this title. To assist the
15 Secretary in such review, the Secretary of the Interior shall
16 furnish him (1) appropriate information on the status of
17 national and statewide recreation and historic preservation
18 planning as it affects the areas to be assisted with such grants,
19 and (2) the current listing of any districts, sites, buildings,
20 structures, and objects significant in American history,
21 architecture, archeology, and culture which may be contained
22 on a National Register maintained by the Secretary of the
23 Interior pursuant to other provisions of law. The Secretary
24 shall provide current information to the Secretary of the

1 *Interior from time to time on significant program develop-*
 2 *ments.”*

3 *(e) Section 706 of such Act is amended by striking out*
 4 *the proviso.*

5 *(f) Section 708 of such Act is amended by inserting*
 6 *“(a)” after “SEC. 708.”, by inserting “(b)” before “The”*
 7 *in the second paragraph, and by adding at the end thereof*
 8 *a new subsection as follows:*

9 *“(c) Notwithstanding any other provision of this title,*
 10 *the Secretary may use not to exceed \$10,000,000 of the sum*
 11 *authorized for contracts under this title for the purpose of*
 12 *entering into contracts to make grants in amounts not to ex-*
 13 *ceed 90 per centum of the cost of activities which he deter-*
 14 *mines have special value in developing and demonstrating*
 15 *new and improved methods and materials for use in carry-*
 16 *ing out the purposes of this title.”*

17 *(g) Title VII of such Act is amended by redesignating*
 18 *section 709 as section 710, and by adding after section 708*
 19 *a new section as follows:*

20 *“GRANTS FOR HISTORIC PRESERVATION*

21 *“SEC. 709. The Secretary is authorized to enter into*
 22 *contracts to make grants to States and local public bodies to*
 23 *assist in the acquisition of title to or other permanent in-*
 24 *terests in areas, sites, and structures of historic or architec-*
 25 *tural value in urban areas, and in their restoration and im-*

1 *provement for public use and benefit, in accord with the*
 2 *comprehensively planned development of the locality. The*
 3 *amount of any such grant shall not exceed 50 per centum of*
 4 *the total cost, as approved by the Secretary, of the assisted*
 5 *activities. The remainder of such cost shall be provided*
 6 *from non-Federal sources.”*

7 *(h) Commencing three years after the date of the enact-*
 8 *ment of this Act, no grant shall be made (except pursuant*
 9 *to a contract or commitment entered into less than three*
 10 *years after such date) under section 709 of the Housing*
 11 *Act of 1961 or section 701(h) of the Housing Act of 1954,*
 12 *or under section 103 of the Housing Act of 1949 to the extent*
 13 *that it is to be used for historic or architectural preservation,*
 14 *except with respect to districts, sites, buildings, structures, and*
 15 *objects which the Secretary of Housing and Urban Develop-*
 16 *ment finds meet criteria comparable to those used in establish-*
 17 *ing the National Register maintained by the Secretary of the*
 18 *Interior pursuant to other provisions of law.*

19 *TITLE VII—URBAN RENEWAL*

20 *LOCAL GRANTS-IN-AID*

21 *SEC. 701. Section 110(d) of the Housing Act of 1949*
 22 *is amended by inserting immediately after the colon at the*
 23 *end of the first proviso the following: “Provided further,*
 24 *That any publicly owned facility, the construction of which*
 25 *was begun not earlier than three years prior to the date of*

1 enactment of the Demonstration Cities and Metropolitan De-
 2 velopment Act of 1966, shall be deemed to benefit an urban
 3 renewal project or projects to the extent of 25 per centum of
 4 the total benefits of such facility, if such facility (A) is used,
 5 or is to be used, by the public predominantly for cultural, ex-
 6 hibition, civic, or municipal purposes; (B) is located within,
 7 adjacent to, or in the immediate vicinity of such urban re-
 8 newal project or projects; (C) is found to contribute ma-
 9 terially to the objectives of the urban renewal plan or plans
 10 for such project or projects; and (D) is not otherwise eligible
 11 as a local grant-in-aid:'".

12 AIR RIGHTS SITES IN URBAN RENEWAL PROJECTS

13 SEC. 702. (a) Section 110(c)(1) of the Housing Act
 14 of 1949 is amended by inserting in clause (iv), between the
 15 word "income" and the colon immediately preceding the first
 16 proviso, the following: "or, if the area is found by the local
 17 public agency to be unsuitable for use for low or moderate
 18 income housing, for use for industrial development".

19 (b) Section 110(c)(7) of such Act is amended by in-
 20 serting immediately before the semicolon the following: "
 21 or construction of foundations and platforms necessary for
 22 the provision of air rights sites for industrial development".

23 APPLICATION OF DAVIS-BACON ACT TO MULTIFAMILY 24 HOUSING CONSTRUCTION IN URBAN RENEWAL AREAS

25 SEC. 703. Section 105 of the Housing Act of 1949 is

1 amended by adding at the end thereof the following new
2 subsection:

3 “(f) All laborers and mechanics employed by contrac-
4 tors or subcontractors in the construction of any multifamily
5 housing (as defined for purposes of this subsection by the
6 Secretary of Housing and Urban Development or his
7 designee) which may be involved in the redevelopment of the
8 urban renewal area, and which is not subject to the provisions
9 of section 212 of the National Housing Act or to other pro-
10 visions of Federal law imposing similar standards, will be
11 paid wages at rates not less than those prevailing on similar
12 construction in the locality as determined by the Secretary
13 of Labor in accordance with the Davis-Bacon Act, as
14 amended (40 U.S.C. 276a—276a-5). No contract for loan
15 or capital grant shall be entered into under this title with
16 respect to an urban renewal area whose redevelopment will
17 involve the construction of such housing without first obtain-
18 ing adequate assurance that the labor standards imposed by
19 the preceding sentence (or, in the case of housing which is
20 subject to the provisions of section 212 of the National Hous-
21 ing Act or to other provisions of Federal law imposing
22 similar standards, the labor standards imposed by such pro-
23 visions) will be maintained upon the construction work.
24 The Secretary of Labor shall have, with respect to the labor
25 standards specified in this subsection, the authority and func-

1 *tions set forth in Reorganization Plan Numbered 14 of 1950*
 2 *(15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and sec-*
 3 *tion 2 of the Act of June 13, 1934, as amended (48 Stat.*
 4 *948; 40 U.S.C. 276c)."*

5 TITLE VIII—RURAL HOUSING

6 *SEC. 801. Section 501(a) of the Housing Act of 1949*
 7 *is amended by striking out "previously occupied" wherever*
 8 *it appears.*

9 *SEC. 802. Section 502(a) of the Housing Act of 1949*
 10 *is amended by striking out "In cases of applicants who are*
 11 *elderly persons, the" and inserting in lieu thereof "The".*

12 *SEC. 803. Section 504 of the Housing Act of 1949 is*
 13 *amended by striking out "\$1,000" and inserting in lieu*
 14 *thereof "\$1,500".*

15 *SEC. 804. (a) Section 515(a) of the Housing Act of*
 16 *1949 is amended by inserting after "income" the following:*
 17 *"or other persons and families of low income".*

18 *(b) Section 515(d)(1) of such Act is amended by*
 19 *striking out "elderly persons or elderly families" and insert-*
 20 *ing in lieu thereof "occupants eligible under this section".*

21 *SEC. 805. (a) Subsections (a) and (b) of section 515*
 22 *of the Housing Act of 1949 are each amended by striking*
 23 *out "rental housing" and inserting in lieu thereof "rental or*
 24 *cooperative housing".*

25 *(b) Section 515(b) of such Act is amended by inserting*

1 after "families" the following: "or other persons and families
2 of moderate income".

3 (c) Section 515(d)(4) of such Act is amended by
4 adding at the end thereof the following: "Such fees and
5 charges may include payments to qualified consulting orga-
6 nizations or foundations which operate on a nonprofit basis
7 and which render services or assistance to nonprofit corpora-
8 tions or consumer cooperatives who provide housing and
9 related facilities."

10 SEC. 806. Section 517(a)(1) of the Housing Act of
11 1949 is amended—

12 (1) by inserting "and" before "(B)"; and

13 (2) by striking out ", and (C)" and all that fol-
14 lows and inserting in lieu thereof the following: "; but
15 no loan under this paragraph shall be insured or made
16 after October 1, 1969, except pursuant to a commitment
17 entered into before that date; and".

18 TITLE IX—MISCELLANEOUS

19 HOUSING FOR THE ELDERLY OR HANDICAPPED

20 SEC. 901. Section 105(b) of the Housing and Urban
21 Development Act of 1965 is amended—

22 (1) by inserting "(1)" after "(b)";

23 (2) by striking out "Effective with respect to loans
24 made on or after the date of the enactment of this Act,
25 section" and inserting in lieu thereof "Section"; and

1 (3) by adding at the end thereof a new paragraph
2 as follows:

3 “(2) The interest rate provided by the amendment
4 made in paragraph (1) shall be applicable (A) with respect
5 to any loan made on or after August 10, 1965, and (B) with
6 respect to any loan made prior to such date if construction of
7 the housing or related facilities to be assisted by such loan
8 was not commenced prior to such date, and not completed
9 prior to the filing of an application for the benefits of such
10 interest rate.”

11 LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS FOR
12 DISPLACED FAMILIES—TERM OF LEASE

13 SEC. 902. Section 23(d) of the United States Housing
14 Act of 1937 is amended by inserting after “thirty-six
15 months” the following: “(except that it may be for a term of
16 up to sixty months in any case in which the public housing
17 agency determines that the housing to be leased thereunder
18 is needed for displaced families)”.

19 APPLICATION OF DAVIS-BACON ACT TO LOW-RENT HOUS-
20 ING PROJECTS CONSISTING OF PRIVATELY BUILT
21 HOUSING

22 SEC. 903. Section 16(2) of the United States Housing
23 Act of 1937 is amended by inserting after “the development
24 of the project involved” the following: “(including a project
25 for the use of privately built housing in any case, other than

1 under the authority of section 23 of this Act, where the
2 public housing agency and the builder or sponsor enter into an
3 agreement for such use before construction or rehabilitation
4 is commenced), and that each such laborer or mechanic
5 shall receive compensation at a rate not less than one and
6 one-half times his basic rate of pay for all hours worked
7 in any workweek in excess of eight hours in any workday
8 or forty hours in the workweek, as the case may be”.

9 ASSISTANCE FOR HOUSING IN ALASKA

10 SEC. 904. (a) The Secretary of Housing and Urban
11 Development (hereinafter referred to as the “Secretary”)
12 is authorized to make loans and grants to the State of Alaska,
13 or any duly authorized agency or instrumentality thereof, in
14 accordance with a statewide program prepared by such
15 State, agency, or instrumentality, and approved by the
16 Secretary, to assist in the provision of housing and related
17 facilities for Alaska natives and other Alaska residents who
18 are otherwise unable to finance such housing and related
19 facilities upon terms and conditions which they can afford.
20 The program shall (1) specify the minimum and maximum
21 standards for such housing and related facilities (not to
22 exceed an average of \$7,500 per dwelling unit); (2) to
23 the extent feasible, encourage the proposed users of such
24 housing and related facilities to utilize mutual and self-help
25 in the construction thereof; and (3) provide experience,

1 *and encourage continued participation, in self-government*
 2 *and individual home ownership.*

3 *(b) Grants under this section shall not exceed 75 per*
 4 *centum of the aggregate cost of the housing and related*
 5 *facilities to be constructed under an approved program.*

6 *(c) There is authorized to be appropriated not to exceed*
 7 *\$10,000,000 to carry out the purposes of this section.*

8 *FEDERAL NATIONAL MORTGAGE ASSOCIATION PARTICI-*
 9 *PATION IN FEDERAL HOUSING ADMINISTRATION-*
 10 *INSURED CONSTRUCTION FINANCING*

11 *SEC. 905. Section 305 of the National Housing Act*
 12 *is amended by adding at the end thereof the following*
 13 *new subsection:*

14 *“(i) In any case where the Association makes a com-*
 15 *mitment to purchase under this section (1) a mortgage in-*
 16 *sured under section 213, or (2) a mortgage insured under*
 17 *section 221(d)(3) and executed by a cooperative (including*
 18 *an investor-sponsor), a private non-profit corporation or as-*
 19 *sociation, or a mortgagor qualified under section 221(e),*
 20 *such commitment may provide for participation by the As-*
 21 *sociation in the making of insured advances on the mortgage*
 22 *during construction. Such participation shall be limited to*
 23 *95 per centum of the amount of each of the advances involved,*
 24 *and the mortgagee providing the balance of such amount shall*
 25 *perform all necessary servicing and processing of such ad-*

1 *vances until the final insurance endorsement of the mortgage.*
 2 *The Secretary of Housing and Urban Development shall*
 3 *approve the reasonableness of the fee to be paid a participat-*
 4 *ing mortgagee, taking into account its services and the extent*
 5 *of its participation in the advances.”*

6 *FEDERAL NATIONAL MORTGAGE ASSOCIATION*

7 *STANDBY COMMITMENTS*

8 *SEC. 906. Section 304(a)(1) of the National Housing*
 9 *Act is amended by striking out the last sentence.*

10 *PLANNING GRANTS FOR RESEARCH ON STATE STATUTES*
 11 *AFFECTING LOCAL GOVERNMENTS*

12 *SEC. 907. Section 701(b) of the Housing Act of 1954*
 13 *is amended by inserting before the period at the end thereof*
 14 *the following: “, and for grants to assist in the conduct of*
 15 *studies and research relating to needed revisions in State*
 16 *statutes which create, govern, or control local governments*
 17 *and local governmental operations”.*

18 *PUBLIC FACILITY LOANS*

19 *SEC. 908. Section 202 of the Housing Amendments of*
 20 *1955 is amended by adding at the end thereof a new subsec-*
 21 *tion as follows:*

22 *“(f) The restrictions and limitations set forth in sub-*
 23 *section (c) of this section shall not apply to assistance to*
 24 *municipalities, other political subdivisions and instrumentali-*
 25 *ties of one or more States, and Indian tribes, for specific*

1 projects for cultural centers, including but not limited to,
 2 museums, art centers and galleries, and theaters and other
 3 physical facilities for the performing arts, which would be of
 4 cultural, educational, and informational value to the com-
 5 munities and areas where the centers would be located.”

6 *USE OF OPEN-SPACE GRANTS FOR DEVELOPMENT OF*
 7 *EXISTING OPEN-SPACE LAND*

8 *SEC. 909. (a) Section 701(b) of the Housing Act of*
 9 *1961 is amended by inserting “, for the development and re-*
 10 *development of existing parks and other open space,” after*
 11 *“the Nation’s urban areas”.*

12 *(b)(1) The first sentence of section 702(a) of such*
 13 *Act is amended by inserting before the period at the end*
 14 *thereof the following: “, or the development or redevel-*
 15 *opment, for open-space uses, of existing open-space land”.*

16 *(2) The second sentence of section 702(a) of such Act*
 17 *is amended by inserting before the period at the end thereof*
 18 *the following: “or such development or redevelopment”.*

19 *APPLYING ADVANCES IN TECHNOLOGY TO HOUSING AND*
 20 *URBAN DEVELOPMENT*

21 *SEC. 910. (a) To encourage and assist the housing*
 22 *industry to continue to reduce the cost and improve the*
 23 *quality of housing by the application to home construction*
 24 *of advances in technology, and to encourage and assist the*
 25 *application of advances in technology to urban development*

1 activities, the Secretary of Housing and Urban Development
2 (hereinafter referred to as the "Secretary") is directed to—

3 (1) conduct research and studies to test and demon-
4 strate new and improved techniques and methods of
5 applying advances in technology to housing construc-
6 tion, rehabilitation, and maintenance, and to urban de-
7 velopment activities; and

8 (2) encourage and promote the acceptance and
9 application of new and improved techniques and methods
10 of constructing, rehabilitating, and maintaining housing,
11 and the application of advances in technology to urban
12 development activities, by all segments of the housing
13 industry, communities, industries engaged in urban de-
14 velopment activities, and the general public.

15 (b) Research and studies conducted under this section
16 shall be designed to test and demonstrate the applicability
17 to housing construction, rehabilitation, and maintenance, and
18 urban development activities, of advances in technology re-
19 lating to (1) design concepts, (2) construction and rehabil-
20 itation methods, (3) manufacturing processes, (4) materials
21 and products, and (5) building components.

22 (c) The Secretary is authorized to carry out the
23 research and studies authorized by this section either directly
24 or by contract with public or private bodies or agencies, or

1 *by working agreement with departments and agencies of the*
2 *Federal Government, as he may determine to be desirable.*
3 *Contracts may be made by the Secretary for research and*
4 *studies authorized by this section for work to continue not*
5 *more than two years from the date of any such contract.*

6 *(d) There are authorized to be appropriated to carry*
7 *out the provisions of this section not to exceed \$5,000,000*
8 *for the fiscal year ending June 30, 1967, and not to exceed*
9 *\$10,000,000 for the fiscal year ending June 30, 1968. All*
10 *funds so appropriated shall remain available until expended.*

11 *(e) Nothing contained in this section shall limit any*
12 *authority of the Secretary under title III of the Housing*
13 *Act of 1948, section 602 of the Housing Act of 1956, or*
14 *any other provision of law.*

15 *URBAN ENVIRONMENTAL STUDIES*

16 *SEC. 911. (a) The Congress finds that, with the ever-*
17 *increasing concentration of the Nation's population in urban*
18 *centers, there has occurred a marked change in the environ-*
19 *mental conditions under which most people live and work;*
20 *that such change is characterized by the progressive substi-*
21 *tution of a highly complex, man-contrived environment for*
22 *an environment conditioned primarily by nature; that the*
23 *beneficent or malignant influence of environment on all liv-*
24 *ing creatures is well recognized; and that much more knowl-*
25 *edge is urgently needed concerning the effect on human*

1 *beings of highly urbanized surroundings. It is the purpose*
2 *of this section to authorize a comprehensive program of re-*
3 *search, studies, surveys, and analyses to improve understand-*
4 *ing of the environmental conditions necessary for the well-*
5 *being of an urban society, and for the intelligent planning*
6 *and development of viable urban centers.*

7 *(b) In order to carry out the purpose of this section,*
8 *the Secretary is authorized and directed to—*

9 *(1) conduct studies, surveys, research, and analy-*
10 *ses with respect to the ecological factors involved in*
11 *urban living;*

12 *(2) document and define urban environmental fac-*
13 *tors which need to be controlled or eliminated for the*
14 *well-being of urban life;*

15 *(3) establish a system of collecting and receiving*
16 *information and data on urban ecological research and*
17 *evaluations which are in process or are being planned*
18 *by public or private agencies, or individuals;*

19 *(4) evaluate and disseminate information pertain-*
20 *ing to urban ecology to public and private agencies or*
21 *organizations, or individuals, in the form of reports or*
22 *otherwise;*

23 *(5) initiate and utilize urban ecological informa-*
24 *tion in urban development projects initiated or assisted*

1 *by the Department of Housing and Urban Development;*
2 *and*

3 *(6) establish through interagency consultation the*
4 *coordinated utilization of urban ecological information in*
5 *projects undertaken or assisted by the Federal Govern-*
6 *ment which affect the growth or development of urban*
7 *areas.*

8 *(c)(1) The Secretary is authorized to establish such*
9 *advisory committees as he deems desirable for the purpose*
10 *of rendering advice and submitting recommendations for*
11 *carrying out the purpose of this section. Such advisory*
12 *committees shall render such advice to the Secretary upon*
13 *his request and may submit such recommendations to the*
14 *Secretary at any time on their own initiative. The Secre-*
15 *tary may designate employees of the Department of Hous-*
16 *ing and Urban Development to assist such committees.*

17 *(2) Members of such advisory committees shall receive*
18 *not to exceed \$100 per day when engaged in the actual*
19 *performance of their duties, in addition to reimbursement for*
20 *travel, subsistence, and other necessary expenses incurred by*
21 *them in the performance of their duties.*

22 *(d) The Secretary is authorized to carry out the studies,*
23 *surveys, research, and analyses authorized by this section*
24 *either directly or by contract with public or private bodies*
25 *or agencies, or by working agreement with departments and*

1 agencies of the Federal Government, as he may determine
 2 to be desirable. Contracts may be made by the Secretary
 3 for work under this subsection to continue not more than
 4 two years from the date of any such contract.

5 (e) There are authorized to be appropriated such sums
 6 as may be necessary to carry out the provisions of this sec-
 7 tion. All funds so appropriated shall remain available until
 8 expended when so provided in appropriation Acts.

9 MORTGAGE RELIEF FOR CERTAIN HOMEOWNERS

10 SEC. 912. That part of section 107 of the Housing
 11 and Urban Development Act of 1965 which precedes sub-
 12 section (f) is amended to read as follows:

13 "MORTGAGE RELIEF FOR CERTAIN HOMEOWNERS

14 "SEC. 107. (a) For the purposes of this section—

15 "(1) The term 'mortgage' means a mortgage which
 16 (A) is insured under the National Housing Act, or
 17 (B) secures a home loan guaranteed or insured under
 18 the Servicemen's Readjustment Act of 1944 or chapter
 19 37 of title 38, United States Code.

20 "(2) The term 'Federal mortgage agency' means—

21 "(A) the Secretary of Housing and Urban
 22 Development when used in connection with mort-
 23 gages insured under the National Housing Act, and

24 "(B) the Administrator of Veterans' Affairs

1 *when used in connection with mortgages securing*
2 *home loans guaranteed or insured under the Service-*
3 *men's Readjustment Act of 1944 or chapter 37*
4 *of title 38, United States Code.*

5 *"(3) The term 'distressed mortgagor' means an*
6 *individual who—*

7 *"(A) was employed by the Federal Govern-*
8 *ment at, or was assigned as a serviceman to, a*
9 *military base or other Federal installation and*
10 *whose employment or service at such base or in-*
11 *stallation was terminated subsequent to November 1,*
12 *1964, as the result of the closing (in whole or*
13 *in part) of such base or installation; and*

14 *"(B) is the owner-occupant of a dwelling sit-*
15 *uated at or near such base or installation and upon*
16 *which there is a mortgage securing a loan which is*
17 *in default because of the inability of such individual*
18 *to make payments due under such mortgage.*

19 *"(b)(1) Any distressed mortgagor, for the purpose of*
20 *avoiding foreclosure of his mortgage, may apply to the*
21 *appropriate Federal mortgage agency for a determination*
22 *that suspension of his obligation to make payments due*
23 *under such mortgage during a temporary period is necessary*
24 *in order to avoid such foreclosure.*

25 *"(2) Upon receipt of an application made under this*

1 subsection by a distressed mortgagor, the Federal mortgage
2 agency shall issue to such mortgagor a certificate of mora-
3 torium if it determines, after consultation with the interested
4 mortgagee, that such action is necessary to avoid foreclosure.

5 “(3) Prior to the issuance to any distressed mortgagor
6 of a certificate of moratorium under paragraph (2), the
7 Federal mortgage agency, the mortgagor, and the mortgagee
8 shall enter into a binding agreement under which—

9 “(A) the mortgagor will be required to make pay-
10 ments to such agency, after the expiration of such cer-
11 tificate, in an aggregate amount equal to the amount
12 paid by such agency on behalf of such mortgagor as
13 provided in subsection (c), together with interest
14 thereon at a rate not to exceed the rate provided in the
15 mortgage; the manner and time in which such payments
16 shall be made to be determined by the Federal mortgage
17 agency having due regard for the purposes sought to
18 be achieved by this section; and

19 “(B) the Federal mortgage agency will be sub-
20 rogated to the rights of the mortgagee to the extent of
21 payments made pursuant to such certificate, which rights,
22 however, shall be subject to the prior right of the mort-
23 gagee to receive the full amount payable under the
24 mortgage.

25 “(4) Any certificate of moratorium issued under this

1 subsection shall expire on whichever of the following dates
2 is the earliest—

3 “(A) two years from the date on which such cer-
4 tificate was issued;

5 “(B) thirty days after the date on which the mort-
6 gator gives notice in writing to the Federal mortgage
7 agency that he is able to resume his obligation to make
8 payments due under his mortgage; or

9 “(C) thirty days after the date on which the Federal
10 mortgage agency determines that the mortgagor to whom
11 such certificate was issued has ceased to be a distressed
12 mortgagor as defined in subsection (a)(3).

13 “(c)(1) Whenever a Federal mortgage agency issues
14 a certificate of moratorium to any distressed mortgagor with
15 respect to any mortgage, it shall transmit to the mortgagee
16 a copy of such certificate, together with a notice stating
17 that, while such certificate is in effect, such agency will
18 assume the obligation of such mortgagor to make payments
19 due under the mortgage.

20 “(2) Payments made by any Federal mortgage agency
21 pursuant to a certificate of moratorium issued under this
22 section with respect to the mortgage of any distressed mort-
23 gator may include, in addition to the payments referred to
24 in paragraph (1), an amount equal to the unpaid payments
25 under such mortgage prior to the issuance of such certificate,

1 *plus a reasonable allowance for foreclosure costs actually*
2 *paid by the mortgagee if a foreclosure action was dismissed*
3 *as a result of the issuance of a moratorium certificate. Pay-*
4 *ments by the Federal mortgage agency may also include*
5 *payments of taxes and insurance premiums on the mortgaged*
6 *property as deemed necessary when these items are not pro-*
7 *vided for through payments to a tax and insurance account*
8 *held by the interested mortgagee.*

9 “(3) *While any certificate of moratorium issued under*
10 *this section is in effect with respect to the mortgage of any*
11 *distressed mortgagor, no further payments due under the*
12 *mortgage shall be required of such mortgagor, and no action*
13 *(legal or otherwise) shall be taken or maintained by the*
14 *mortgagee to enforce or collect such payments. Upon the*
15 *expiration of such certificate, the mortgagor shall again be*
16 *liable for the payment of all amounts due under the mort-*
17 *gage in accordance with its terms.*

18 “(4) *Each Federal mortgage agency shall give prompt*
19 *notice in writing to the interested mortgagor and mortgagee*
20 *of the expiration of any certificate of moratorium issued by*
21 *it under this section.*

22 “(d) *The Federal mortgage agencies are authorized to*
23 *issue such individual and joint regulations as may be neces-*
24 *sary to carry out this section and to insure the uniform*
25 *administration thereof.*

1 “(e) There shall be in the Treasury (1) a fund which
2 shall be available to the Secretary of Housing and Urban
3 Development for the purpose of extending financial assist-
4 ance in behalf of distressed mortgagors as provided in sub-
5 section (c) and for paying administrative expenses incurred
6 in connection with such assistance, and (2) a fund which
7 shall be available to the Administrator of Veterans’ Affairs
8 for the same purpose, except administrative expenses. The
9 capital of each such fund shall consist of such sums as may,
10 from time to time, be appropriated thereto, and any sums
11 so appropriated shall remain available until expended. Re-
12 ceipts arising from the programs of assistance under sub-
13 section (c) shall be credited to the fund from which such
14 assistance was extended. Moneys in either of such funds not
15 needed for current operations, as determined by the Secre-
16 tary of Housing and Urban Development, or the Adminis-
17 trator of Veterans’ Affairs, as the case may be, shall be in-
18 vested in bonds or other obligations of the United States, or
19 paid into the Treasury as miscellaneous receipts.”

20 ACQUISITION OF CERTAIN PROPERTIES SITUATED AT OR
21 NEAR MILITARY BASES WHICH HAVE BEEN ORDERED
22 TO BE CLOSED

23 SEC. 913. (a) Notwithstanding any other provision of
24 law, the Secretary of Defense is authorized to acquire title to,
25 hold, manage, and dispose of, or, in lieu thereof, to reimburse

1 *for certain losses upon private sale of, or foreclosure against,*
2 *any property improved with a one- or two-family dwelling*
3 *which is situated at or near a military base or installation*
4 *which the Department of Defense has, subsequent to Novem-*
5 *ber 1, 1964, ordered to be closed in whole or in part, if he*
6 *determines—*

7 (1) *that the owner of such property is, or has been,*
8 *a Federal employee employed at or in connection with*
9 *such base or installation (other than a temporary*
10 *employee serving under a time limitation) or a service-*
11 *man assigned thereto;*

12 (2) *that the closing of such base or installation,*
13 *in whole or in part, has required or will require the*
14 *termination of such owner's employment or service at*
15 *or in connection with such base or installation; and*

16 (3) *that as the result of the actual or pending*
17 *closing of such base or installation, in whole or in part,*
18 *there is no present market for the sale of such property*
19 *upon reasonable terms and conditions.*

20 (b) *In order to be eligible for the benefits of this section*
21 *such employees or military personnel must be or have been—*

22 (1) *assigned to or employed at or in connection*
23 *with the installation or activity at the time of public*
24 *announcement of the closure action,*

25 (2) *transferred from such installation or activity,*

1 *or terminated as employees as a result of reduction-in-*
2 *force, within six months prior to public announcement*
3 *of the closure action, or*

4 *(3) transferred from the installation or activity*
5 *on an overseas tour unaccompanied by dependents within*
6 *fifteen months prior to public announcement of the*
7 *closure action:*

8 *Provided, That, at the time of public announcement of the*
9 *closure action, or at the time of transfer or termination as*
10 *set forth above, such personnel or employees must—*

11 *(i) have been the owner-occupant of the dwelling, or*

12 *(ii) have vacated the owned dwelling as a result*
13 *of being ordered into on-post housing during a six-*
14 *month period prior to the closure announcement:*

15 *Provided further, That as a consequence of such closure such*
16 *employees or personnel must—*

17 *(i) be required to relocate because of military trans-*
18 *fer or acceptance of employment beyond a normal com-*
19 *muting distance from the dwelling for which compensa-*
20 *tion is sought, or*

21 *(ii) be unemployed, not as a matter of personal*
22 *choice, and able to demonstrate such financial hardship*
23 *that they are unable to meet their mortgage payments and*
24 *related expenses.*

25 *(c) Such persons as the Secretary of Defense may*

1 determine to be eligible under the criteria set forth above
2 shall elect either (1) to receive a cash payment as com-
3 pensation for losses which may be or have been sustained in
4 a private sale or foreclosure, in an amount not to exceed
5 the difference between (A) 95 per centum of the fair market
6 value of their property prior to public announcement of
7 intention to close all or part of the military base or installa-
8 tion and (B) the fair market value of such property at the
9 time of the sale or foreclosure, or (2) to receive, as pur-
10 chase price for their property, an amount not to exceed 90
11 per centum of prior fair market value as such value is deter-
12 mined by the Secretary of Defense, or the amount of the
13 outstanding mortgages. An election to receive a cash pay-
14 ment as compensation for loss sustained in a private sale
15 shall not be effective in any case in which the property at
16 the time of the sale is encumbered by a mortgage loan guar-
17 anteed, insured, or held by a Federal agency unless such
18 mortgage loan is paid or otherwise fully satisfied at or
19 prior to the time such cash payment is made, or is assumed
20 by the purchaser (who must be determined to be satisfactory
21 to such Federal agency in the case of a sale occurring after
22 the date of the enactment of this Act). In the event of
23 foreclosure by mortgagees commenced prior to the one
24 hundred and twentieth day after the date of the enactment

1 of this Act, the Secretary may pay or reimburse for direct
2 costs of foreclosure, including deficiency judgments.

3 (d) There shall be in the Treasury a fund which
4 shall be available to the Secretary of Defense for the purpose
5 of extending the financial assistance provided above. The
6 capital of such fund shall consist of such sums as may, from
7 time to time, be appropriated thereto, and shall consist also
8 of receipts from the management, rental, or sale of properties
9 acquired under this section, which receipts shall be credited to
10 the fund and shall be available, together with funds appro-
11 priated therefor, for purchase or reimbursement purposes as
12 provided above, as well as to defray expenses arising in con-
13 nection with the acquisition, management, and disposal of
14 such properties, including payment of principal, interest, and
15 expenses of mortgages or other indebtedness thereon, and
16 including the cost of staff services and contract services, costs
17 of insurance, and other indemnity. Any part of such receipts
18 not required for such expenses shall be covered into the
19 Treasury as miscellaneous receipts. Properties acquired
20 under this section shall be conveyed to, and acquired in the
21 name of, the United States. The Secretary of Defense shall
22 have the power to deal with, rent, renovate, and dispose of,
23 whether by sales for cash or credit or otherwise, any prop-
24 erties so acquired: Provided, however, That no contract for

1 acquisition, or acquisition, shall be deemed to constitute a
2 contract for or acquisition of family housing units in support
3 of military installations or activities within the meaning of
4 section 406(a) of the Act of August 30, 1957 (42 U.S.C.
5 1594i), nor shall it be deemed a transaction within the
6 contemplation of section 2662 of title 10, United States Code.

7 (e) Payments from the fund created by this section
8 may be made in lieu of taxes to any State or political sub-
9 division thereof, with respect to real property, including
10 improvements thereon, acquired and held under this section.
11 The amount so paid for any year upon such property shall
12 not exceed the taxes which would be paid to the State or
13 subdivision, as the case may be, upon such property if it
14 were not exempt from taxation, and shall reflect such allow-
15 ance as may be considered appropriate for expenditures, if
16 any, by the Government for streets, utilities, or other public
17 services to serve such property.

18 (f) The title to any property acquired under this sec-
19 tion, the eligibility for, and the amounts of, cash payable,
20 and the administration of the preceding provisions of this
21 section, shall conform to such requirements, and shall be
22 administered under such conditions and regulations, as the
23 Secretary of Defense may prescribe. Such regulations shall
24 also prescribe the terms and conditions under which pay-
25 ments may be made and instruments accepted under this

1 section, and all the determinations and decisions made pur-
2 suant to such regulations by the Secretary of Defense re-
3 garding such payments and conveyances and the terms and
4 conditions under which they are approved or disapproved,
5 shall be final and conclusive and shall not be subject to
6 judicial review.

7 (g) The Secretary of Defense is authorized to enter
8 into such agreement with the Secretary of Housing and
9 Urban Development as may be appropriate for the purposes
10 of economy and efficiency of administration of this section.
11 Such agreement may provide authority to the Secretary of
12 Housing and Urban Development and his designee to make
13 any or all of the determinations and take any or all of the
14 actions which the Secretary of Defense is authorized to un-
15 dertake pursuant to the preceding provisions of this section.
16 Any such determinations shall be entitled to finality to the
17 same extent as if made by the Secretary of Defense, and, in
18 event the Secretaries of Defense and Housing and Urban
19 Development so elect, the fund established pursuant to subsec-
20 tion (d) of this section shall be available to the Secretary of
21 Housing and Urban Development to carry out the purposes
22 thereof.

23 (h) Section 223(a)(8) of the National Housing Act
24 is amended to read as follows:

25 “(8) executed in connection with the sale by the

Government of any housing acquired pursuant to section 915 of the Demonstration Cities and Metropolitan Development Act of 1966.”

(i) No funds may be appropriated for the acquisition of any property under authority of this section unless such funds have been specifically authorized for such purpose in a military construction authorization act, and no moneys in the fund created pursuant to subsection (d) of this section may be expended for any purpose except as may be provided in appropriation Acts.

(j) Section 108 of the Housing and Urban Development Act of 1965 is repealed.

COLLEGE HOUSING

SEC. 914. Section 404(b)(4) of the Housing Act of 1950 is amended by striking out “public” immediately before “educational institution”.

STUDY CONCERNING RELIEF OF HOMEOWNERS IN

PROXIMITY TO AIRPORTS

SEC. 915. Section 1113 of the Housing and Urban Development Act of 1965 is amended—

(1) by inserting “(a)” after “SEC. 1113.”;

(2) by striking out “one year after the date of the enactment of this Act” and inserting in lieu thereof “six months after the date of the enactment of the Demonstration Cities and Metropolitan Development Act of 1966”; and

1 (3) by adding at the end thereof the following new
2 subsection:

3 “(b) There is authorized to be appropriated the sum
4 of \$100,000 to carry out subsection (a).”

5 HYDROLOGY RESEARCH FOR URBAN DEVELOPMENT

6 SEC. 916. (a) The Congress finds that there is an
7 increasingly severe impact upon the national economy oc-
8 casioned by storm water damages and costs of storm drainage
9 control in urban and metropolitan areas; that engineering
10 technology directed toward the specialized storm drainage
11 problems of urbanized areas has not kept pace with the
12 growth of drainage problems in such areas; and that effective
13 areawide comprehensive planning requires efficient planning
14 and design of all elements of urban drainage systems.

15 (b) The Secretary of Housing and Urban Development
16 is authorized—

17 (1) by contract with public or private agencies to
18 conduct studies, investigations, research, and demon-
19 strations to develop and improve all aspects of the science
20 and technology of urban hydrology as it relates
21 to storm drainage systems for urban and metropolitan
22 areas and to collection sewers for such areas, and by
23 working agreements with other departments and agen-

1 cies of the Federal Government to conduct studies, in-
2 vestigations, research, and demonstrations to develop
3 and improve all aspects of the science and technology
4 of urban hydrology;

5 (2) to evaluate the studies, investigations, research,
6 and demonstrations authorized by this section; and

7 (3) to make available, through publications and
8 other appropriate means, the information resulting from
9 such studies, investigations, research, and demonstra-
10 tions.

11 (c) The Secretary shall annually submit a report to the
12 President and to the Congress concerning the studies, investi-
13 gations, research, and demonstrations undertaken under this
14 section with such recommendations as he deems desirable for
15 additional legislation to develop the science of urban hydrol-
16 ogy and its application.

17 (d) There are hereby authorized to be appropriated such
18 sums as may be necessary to carry out the provisions of this
19 section.

20 (e) Nothing contained in this section shall limit any
21 authority of the Secretary under title III of the Housing Act
22 of 1948, section 602 of the Housing Act of 1956, or any
23 other provision of law.

1 *QUARTERS AND FACILITIES FOR FEDERAL HOME LOAN*
2 *BANKS AND THE FEDERAL HOME LOAN BANK BOARD*

3 *SEC. 917. (a) The second sentence of section 12 of the*
4 *Federal Home Loan Bank Act (12 U.S.C. 1432) is*
5 *amended by striking out "but no bank building shall be*
6 *bought or erected to house any such bank, nor shall any*
7 *such bank make any lease" and inserting in lieu thereof*
8 *"but, except with the prior approval of the board, no bank*
9 *building shall be bought or erected to house any such bank,*
10 *or leased by such bank under any lease".*

11 *(b) Section 18 of such Act (12 U.S.C. 1438) is*
12 *amended—*

13 *(1) by adding at the end of subsection (b) the*
14 *following new sentence: "Such assessments may include*
15 *such amounts as the board may deem advisable for*
16 *carrying out the provisions of subsection (c) of this*
17 *section." ; and*

18 *(2) by adding at the end thereof the following new*
19 *subsection:*

20 *"(c)(1) The board, utilizing the services of the Ad-*
21 *ministrator of General Services (hereinafter referred to as*
22 *the 'Administrator'), and subject to any limitation hereon*
23 *which may hereafter be imposed in appropriation Acts, is*
24 *hereby authorized—*

25 *"(A) to acquire, in the name of the United States,*

1 *real property in the District of Columbia, for the pur-*
2 *poses set forth in this subsection;*

3 *“(B) to construct, develop, furnish, and equip such*
4 *buildings thereon and such facilities as in its judgment*
5 *may be appropriate to provide, to such extent as the*
6 *board may deem advisable, suitable and adequate quar-*
7 *ters and facilities for the board and the agencies under*
8 *its administration or supervision;*

9 *“(C) to enlarge, remodel, or reconstruct any of the*
10 *same; and*

11 *“(D) to make or enter into contracts for any of the*
12 *foregoing.*

13 *“(2) The board may require of the respective banks, and*
14 *they shall make to the board, such advances of funds for the*
15 *purposes set out in paragraph (1) as in the sole judgment of*
16 *the board may from time to time be advisable. Such ad-*
17 *vances shall be in addition to the assessments authorized in*
18 *subsection (b) and shall be apportioned by the board among*
19 *the banks in proportion to the total assets of the respective*
20 *banks, determined in such manner and as of such times as*
21 *the board may prescribe. Each such advance shall bear*
22 *interest at the rate of $4\frac{1}{2}$ per centum per annum from the*
23 *date of the advance and shall be repaid by the board in such*
24 *installments and over such period, not longer than twenty-*

1 *five years from the making of the advance, as the board may*
2 *determine. Payments of interest and principal upon such*
3 *advances shall be made from receipts of the board or from*
4 *other sources which may from time to time be available to the*
5 *board. The obligation of the board to make any such pay-*
6 *ment shall not be regarded as an obligation of the United*
7 *States. To such extent as the board may prescribe any such*
8 *obligation shall be regarded as a legal investment for the*
9 *purposes of subsections (g) and (h) of section 11 and for*
10 *the purposes of section 16.*

11 “(3) *The plans and designs for such buildings and*
12 *facilities and for any such enlargement, remodeling, or recon-*
13 *struction shall, to such extent as the chairman of the board*
14 *may request, be subject to his approval.*

15 “(4) *Upon the making of arrangements mutually agree-*
16 *able to the board and the Administrator, which arrangements*
17 *may be modified from time to time by mutual agreement*
18 *between them and may include but shall not be limited to the*
19 *making of payments by the board and such agencies to the*
20 *Administrator and by the Administrator to the board, the*
21 *custody, management, and control of such buildings and facil-*
22 *ities and of such real property shall be vested in the Admin-*
23 *istrator in accordance therewith. Until the making of such*
24 *arrangements such custody, management, and control, includ-*
25 *ing the assignment and allotment and the reassignment and*

1 *reallotment of building and other space, shall be vested in*
2 *the board.*

3 *“(5) Any proceeds (including advances) received by*
4 *the board in connection with this subsection, and any pro-*
5 *ceeds from the sale or other disposition of real or other prop-*
6 *erty acquired by the board under this subsection, shall be*
7 *considered as receipts of the board, and obligations and ex-*
8 *penditures of the board and such agencies in connection with*
9 *this subsection shall not be considered as administrative ex-*
10 *penses. As used in this subsection, the term ‘property’ shall*
11 *include interests in property.*

12 *“(6) With respect to its functions under this subsection*
13 *the board shall (A) annually prepare and submit a budget*
14 *program as provided in title I of the Government Corpora-*
15 *tion Control Act with regard to wholly owned Government*
16 *corporations, and for purposes of this sentence, the terms*
17 *‘wholly owned Government corporations’ and ‘Government*
18 *corporations’, wherever used in such title, shall include the*
19 *board, and (B) maintain an integral set of accounts which*
20 *shall be audited annually by the General Accounting Office*
21 *in accordance with the principles and procedures applicable*
22 *to commercial corporate transactions as provided in such*
23 *title, and no other audit, settlement, or adjustment shall be*
24 *required with respect to transactions under this subsection or*

1 with respect to claims, demands, or accounts by or against
2 any person arising thereunder. Except as otherwise pro-
3 vided in this subsection or by the board, the provisions of this
4 subsection and the functions thereby or thereunder subsisting
5 shall be applicable and exercisable notwithstanding and with-
6 out regard to the Act of June 20, 1938 (D.C. Code, secs.
7 5-413—5-428), except that the proviso of section 16 thereof
8 shall apply to any building constructed under this subsection,
9 and section 306 of the Act of July 30, 1947 (61 Stat. 584),
10 or any other provision of law relating to the construction,
11 alteration, repair, or furnishing of public or other buildings
12 or structures or the obtaining of sites therefor, but any person
13 or body in whom any such function is vested may provide for
14 delegation or redelegation of the exercise of such function.

15 “(7) No obligation shall be incurred and no expendi-
16 ture, except in liquidation of obligation, shall be made pur-
17 suant to the first two subparagraphs of paragraph (1) of
18 this subsection if the total amount of all obligations incurred
19 pursuant thereto would thereupon exceed \$13,200,000 or
20 such greater amount as may be provided in an appropriation
21 Act or other law.”

SMALL BUSINESS ACT

SEC. 918. Paragraph (1) of section 8(b) of the Small Business Act is amended by inserting “(A)” after “(1)”, by inserting “and” after “Administration;”, and by adding at the end thereof a new subparagraph as follows:

“(B) to allow an individual or group of persons cooperating with it in furtherance of the purposes of subparagraph (A) to make such use of its office facilities and related materials and services as it deems appropriate;”.

USE OF CERTAIN LANDS FOR CIVIL DEFENSE PURPOSES

SEC. 919. Section 2 of the Act entitled “An Act to provide for the conveyance of a tract of land in Prince Georges County, Maryland, to the State of Maryland for use as a site for a National Guard Armory and for training the National Guard or for other military purposes”, approved August 10, 1949 (63 Stat. 592), is amended by striking out “The land” and inserting in lieu thereof “(a) Except as provided in subsection (b) of this section, the land” and by adding at the end thereof the following new subsection:

“(b) The Secretary of Housing and Urban Develop-

1 *ment shall execute the necessary instrument or instruments*
 2 *to provide that a certain portion of land, not to exceed two*
 3 *acres, on the easterly side of the land described in the first*
 4 *section of this Act, as more particularly determined and*
 5 *designated by the Secretary of the Army, may be used for*
 6 *civil defense or other emergency preparedness purposes or*
 7 *the purposes stated in subsection (a) and that such use*
 8 *shall not cause the reverter clause set forth herein to become*
 9 *operable."*

10 *MORTGAGE INSURANCE FOR LAND DEVELOPMENT—*

11 *CLARIFYING AMENDMENTS*

12 *SEC. 920. Section 1001(d) of the National Housing*
 13 *Act is amended—*

14 *(1) by striking out "sewerage disposal installations,"*
 15 *and inserting in lieu thereof "sewage disposal instal-*
 16 *lations, steam, gas, and electric lines and installa-*
 17 *tions,";*

18 *(2) by striking out the semicolon after "or common*
 19 *use", and inserting in lieu thereof a period and the fol-*
 20 *lowing new sentence: "Related uses may include indus-*
 21 *trial uses, with sites for such uses to be in proper pro-*
 22 *portion to the size and scope of the development.";*

23 *(3) by striking out "but such term" and inserting*
 24 *in lieu thereof: "The term improvements"; and*

25 *(4) by inserting after "sewage disposal installa-*

tion,” in clause (1) the following: “or a steam, gas, or electric line or installation,”.

MISCELLANEOUS AND TECHNICAL AMENDMENTS

SEC. 921. (a) Section 106(d) of the Housing Act of 1949 is repealed.

(b) Section 227(a) of the National Housing Act is amended by striking out “subsection (b)(2)” in clause (vi) and inserting in lieu thereof “subsection (b)”.

(c) The last sentence of section 305(e) of the National Housing Act is amended by striking out “supplementing” and inserting in lieu thereof “supplementary”.

(d) Section 308 of the National Housing Act is amended by striking out “(a)”.

(e) Section 512 of the National Housing Act is amended by striking out “or IX” and inserting in lieu thereof “IX, X, or XI”.

(f) Section 1001(c) of the National Housing Act is amended by striking out “‘mortgage’” and inserting in lieu thereof “‘mortgagee’”.

(g) Section 1 of the National Housing Act is amended by striking out “and X” wherever it appears and inserting in lieu thereof “X, and XI”.

(h) Section 102(h) of the Housing Amendments of 1955 is amended by striking out “section 213 of the National Housing Act, as amended, the Commissioner” and

1 *inserting in lieu thereof "section 213 of the National Hous-*
2 *ing Act, section 221(d)(3) of the National Housing Act,*
3 *and section 101 of the Housing and Urban Development*
4 *Act of 1965 (insofar as the provisions of such sections*
5 *relate to cooperative housing), the Secretary of Housing and*
6 *Urban Development", and by striking out "such section"*
7 *each place it appears and inserting in lieu thereof "such*
8 *sections".*

Passed the Senate August 19, 1966.

Attest:

EMERY L. FRAZIER,

Secretary.

Union Calendar No. 886

89TH CONGRESS
2^D Session

S. 3708

[Report No. 1931]

AN ACT

To assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes.

AUGUST 22, 1966

Referred to the Committee on Banking and Currency

SEPTEMBER 1, 1966

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

Sept. 22, 1966

commodities. p. D910

Rep. May criticized the packaging and labeling bill and inserted an article which, she stated, "shows that packagers are opposed to this bill" because "it will increase the price consumers pay for packaged goods and that it will decrease consumer choice in the marketplace." pp. 22770-1

18. DISASTER RELIEF. The Public Works Committee voted to report (but did not actually report) S. 1681, the disaster relief bill. p. D910
19. INTERGOVERNMENTAL RELATIONS. The Government Operations Committee reported with amendment H. R. 15335, to amend the act to establish an Advisory Commission on Intergovernmental Relations (H. Rept. 2065). p. 22797
20. RECREATION. The Interior and Insular Affairs Committee reported with amendment S. 1607, to establish the Point Reyes National Seashore, Calif. (H. Rept. 2067). p. 22798
21. RESEARCH. The Interior and Insular Affairs Committee reported with amendment S. 3460, to authorize the Secretary of the Interior to enter into contracts for scientific and technological research (H. Rept. 2068). p. 22798
22. APPROPRIATIONS. Authorized consideration of an appropriation-continuing resolution any time next week. pp. 22750-1
23. FLOOD CONTROL. Passed as reported H. R. 13825, to authorize an agreement for the joint construction by the U. S. and Mexico of an international flood control project for the Tijuana River. pp. 22760-65
24. BANKING. The Banking and Currency Committee voted to report (but did not actually report) H. R. 17899, amended, to strengthen the regulatory and supervisory authority of Federal agencies over insured banks and insured savings and loan associations "in lieu of S. 3158" (p. D909), and the committee was granted until midnight Sept. 24 to file a report (p. 22752).
25. WATER POLLUTION. The Rules Committee "granted an open rule" on H. R. 16076, the Water Pollution Act amendments. p. D910
26. DEMONSTRATION CITIES. The Rules Committee "granted an open rule" on S. 3708, the demonstration cities bill. p. D910
27. TAXATION. The Ways and Means Committee voted to report (but did not actually report) H. R. 17607, to temporarily suspend the investment credit and the application of accelerated depreciation. p. D910
28. CORN. Reps. Michel and Findley commended the policy statement of the Corn Refiners Ass'n. pp. 22752, 22774
29. LEGISLATIVE PROGRAM. Rep. Boggs announced that next week the House will consider the Economic Opportunity Act amendments, the investment credit suspension bill, and the Water Pollution Act amendments. p. 22765
30. ADJOURNED until Mon., Sept. 26. pp. 22765-6

ITEMS IN APPENDIX

31. WATER POLLUTION. Rep. Blatnik inserted Sen. Moss' speech, "You Can't Dilute Our Water Problems." pp. A4901-3
Rep. Stalbaum inserted Sen. Nelson's speech describing provisions of his proposed bills on water pollution. pp. A4906-7
Extension of remarks of Rep. Smith, N. Y., stating that water has become a great national problem and inserting excerpts from the Worthington Report, "Water." pp. A4940-2
32. EXPENDITURES. Extension of remarks of Rep. Pelly objecting to "excessive domestic Government spending." p. A4904
33. FARM PRICES. Extension of remarks of Rep. Quie stating that "earlier this year the Administration unfairly tried to pin the blame for mounting inflation on the farm segment of the economy. How false this charge was has since been exposed." p. A4904
34. CORN. Extension of remarks of Rep. Schmidhauser lauding the Corn Refiners Ass'n research program. p. A4916
35. REORGANIZATION. Rep. Brooks inserted his remarks before a panel discussion on the proposed reorganization of the Congress. pp. A4916-7
36. POVERTY. Extension of remarks of Rep. Fisher criticizing welfare "handouts" and the alleged misuse of food stamps by recipients. pp. A4927-9
37. CONGRESSIONAL ACCOMPLISHMENTS. Extension of remarks of Rep. Collier reporting to his constituents on the accomplishments of the 89th Congress. pp. A4934-6
38. FOOD FOR INDIA. Extension of remarks of Rep. Matsunaga stating that "agricultural technology is hopefully on the threshold of helping to meet India's critical shortage of food", and inserting an article on this subject. p. A4937

BILLS INTRODUCED

39. WATER POLLUTION. H. R. 17915 by Rep. Dingell, to consolidate water quality management and pollution control authorities and functions in the Federal Water Pollution Control Administration; to Government Operations Committee.
40. FARM LABOR. H. R. 17926 by Rep. Gonzalez, to encourage the States to extend coverage under their State unemployment compensation laws to agricultural labor; to Ways and Means Committee.
41. DISASTER RELIEF. H. R. 17930 by Rep. McDowell, to provide additional assistance for areas suffering a major disaster; to Public Works Committee.
42. RECREATION. H. R. 17933 by Rep. Stalbaum, to preserve, protect, develop, restore, and make accessible the lake areas of the Nation by establishing a national lake areas system and authorizing programs of lake and lake areas research; to Interior and Insular Affairs Committee. Remarks of author pp. 22751-

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued Sept. 27, 1966
For actions of Sept. 26, 1966
89th-2nd; No. 162

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HIGHLIGHTS: Conferees reported food-for-freedom bill. House debated poverty bill. House committee reported investment-tax bill, and Rep. Langen asked exemption of farmers. House committees reported packaging-labeling bill, continuing-appropriations measure, and analysis of CCC corn marketing. Senate passed bill to revise Federal Seed Act. Senate passed bill to permit prepayments of FHA loans.

HOUSE

1. FOOD FOR FREEDOM. Received the conference report on H. R. 14929, the food-for-freedom bill (H. Rept. 2075). The conferees changed the short title of the bill to "Food for Peace Act of 1966" instead of "Food for Freedom" as in the House version. However, this does not change the title of the basic legislation, which remains "Agricultural Trade Development and Assistance Act of 1954." pp. 22833-40

2. POVERTY. Began debate on H. R. 15111, to provide for continuation of the war on poverty. pp. 22803-33
3. TAXATION. The Ways and Means Committee reported with amendment H. R. 17607, to suspend the investment credit and the allowance of accelerated depreciation in the case of certain real property (H. Rept. 2087) (p. 22854). Rep. Langen recommended exemption of farmers from this bill (p. 22843).
4. TARIFF. Rep. Curtis inserted a "progress report" on Kennedy round tariff negotiations. pp. 22843-5
5. POLITICAL ACTIVITIES. Rep. Ashbrook gave answers to questions as to actions which Federal employees are permitted to take under the Hatch Political Activities Act. p. 22845
6. DEMONSTRATION CITIES; ~~EDUCATION; WATER POLLUTION~~. The Rules Committee reported a resolution for consideration of S. 3708, the demonstration cities bill; H. R. 13161, to strengthen and improve education in elementary and secondary schools; and H. R. 16076, to improve and make more effective the Federal Water Pollution Control Act. p. 22854
7. PACKAGING; LABELING. The Interstate and Foreign Commerce Committee reported with amendment H. R. 15440, the fair packaging and labeling bill (H. Rept. 2076). p. 22854
8. BANKING. The Banking and Currency Committee reported with amendment H. R. 17899, to strengthen the regulatory and supervisory authority of Federal agencies over insured banks and insured savings and loans associations, to increase the maximum amount of insured accounts or deposits, etc. (H. Rept. 2077). p. 22854
The Banking and Currency Committee reported S. 1556, to authorize the Federal Reserve Board to delegate certain of its functions (H. Rept. 2079). p. 22854
9. APPROPRIATIONS. The Appropriations Committee reported H. J. Res. 1308, making continuing appropriations for the fiscal year 1967 (H. Rept. 2078). p. 22854
10. CCC CORN. The Small Business Committee submitted a report, "The Effect of Corn Marketing by the Commodity Credit Corporation Upon Small Business" (H. Rept. 2082). p. 22854

SENATE

11. SEEDS. Passed as reported H. R. 15662, to revise the Federal Seed Act. p. 22858
12. LOANS. Passed without amendment H. R. 15510, to authorize the Secretary of Agriculture to hold prepayments made to the Department by insured loan borrowers on Farmers Home Administration loans and transmit them to the holders of the notes in installments. This bill will now be sent to the President. pp. 22858-9
13. LABOR-HEW APPROPRIATION BILL. Began debate on this bill, H. R. 14745. pp. 22857, 22889-902

DIGEST of Congressional Proceedings

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UNITED STATES DEPARTMENT OF AGRICULTURE
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OFFICE OF BUDGET AND FINANCE
FOR INFORMATION ONLY;
(NOT TO BE QUOTED OR CITED)

Issued Oct. 14, 1966
For actions of Oct. 13, 1966
89th-2nd; No. 176

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HIGHLIGHTS: House debated demonstration cities bill, which includes rural-housing amendments. Both Houses agreed to conference report on bill to create Transportation Dept.

HOUSE

1. HOUSING LOANS. Began debate on S. 3708, the demonstration cities bill. pp. 25539-79

As reported by the House committee, this bill includes amendments to the rural housing program to permit purchase of new (as well as used) homes, permit cosignors on any rural housing loan (now limited to elderly low-income), increase from \$1,000 to \$1,500 the limitation on loans and grants for repairs of very low-income families' homes, authorize direct loans for cooperative housing and for non-elderly rural residents of low income and insured loans for

non-elderly rural residents of moderate income, limit to \$300 million the amount of new rural housing loans to low or moderate income families that may be insured annually, without limit as to time. The bill removes the annual limit and provides instead a cutoff date of Oct. 1, 1969

2. TRANSPORTATION. Both Houses agreed to the conference report on H. R. 15693, to create a Department of Transportation. This bill will now be sent to the President. pp. 25588-92, 25506-10
3. APPROPRIATIONS. Received the conference report on H. R. 17637, the military construction appropriation bill (H. Rept. 2275). pp. 25529-30
4. FOREIGN TRADE. The Rules Committee reported H. Res. 1043, to authorize expenses for an investigation of European markets by the Banking and Currency Committee (H. Rept. 2259). p. 25537
5. AIR POLLUTION. Agreed to the conference report on S. 3112, to amend the Clean Air Act. pp. 25538-9
6. FISH AND WILDLIFE. Agreed to the conference report on H. R. 9424, providing for a program of conservation and protection of fish and wildlife which are threatened with extinction. This bill will now be sent to the President. p. 25581
7. APPLES. Rep. May commended the apple industry of Wash. p. 25610
8. EXPENDITURES. Rep. Curtis urged economy in expenditures. pp. 25618-28
9. FOOD FOR PEACE. Rep. Findley spoke in favor of the amendment to bar assistance to those who trade with Cuba. pp. 25628-32
10. FARM PROGRAM. Rep. Olson, Minn., inserted speeches by the Vice President regarding the farm program, etc. pp. 25652-6
Rep. Foley gave a report to constituents, including commendation of the farm program. p. 25660
11. POVERTY; FISH PROTEIN. The conferees reached agreement on H. R. 15111, to extend and amend various poverty programs, and S. 2720, authorizing development of practicable means for production of fish protein concentrate. p. D999

SENATE

12. VETERINARY FACILITIES. Passed as reported S. 3348, to authorize a program for the construction of facilities for the teaching of veterinary medicine and a program of loans for students of veterinary medicine. p. 25485
13. MANPOWER; TRAINING. Passed without amendment H. R. 16715, to make various amendments to the Manpower Development and Training Act. This bill will now be sent to the President. pp. 25490-3
14. EDUCATION. Passed with amendments H. R. 14643, to provide for the strengthening of American educational resources for international studies and research. pp. 25485, 25493-506
15. TOBACCO. Sen. Tydings criticized the Department's denial of the 5-percent export subsidy payment for Maryland tobacco. pp. 25520-1

There was no objection.
The Clerk read the statement.
(For conference report and statement, see proceedings of the House of Oct. 12, 1966.)

Mr. STAGGERS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.
The conference report was agreed to.
A motion to reconsider was laid on the table.

DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT

Mr. PEPPER. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution (H. Res. 1023) providing for the consideration of the bill (S. 3708) to assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 1023

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 3708) to assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed six hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider without the intervention of any point of order the committee amendment in the nature of a substitute now printed in the bill and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill, and read by titles instead of by sections. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

CALL OF THE HOUSE

Mr. HAYS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. PEPPER. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 361]

Abernethy	Frelinghuysen	O'Konski
Albert	Gallagher	Olsen, Mont.
Anderson, III.	Glaimo	Olson, Minn.
Andrews,	Gibbons	Ottinger
Glenn	Gilligan	Pelly
Aspinall	Griffiths	Pickle
Baring	Gross	Pool
Blatnik	Hagan, Ga.	Powell
Bray	Halleck	Pucinski
Brock	Hamilton	Purcell
Callaway	Hansen, Idaho	Quile
Carey	Hansen, Wash.	Reid, Ill.
Clancy	Harvey, Ind.	Reinecke
Conyers	Hébert	Rivers, Alaska
Cooley	Helstoski	Robison
Corman	Hicks	Rogers, Tex.
Craley	Hungate	Roncalio
Culver	Huot	Rooney, Pa.
Davis, Ga.	Johnson, Pa.	Roush
Dawson	Keogh	Scott
Dent	Long, Md.	Steed
Denton	McDowell	Stephens
Devine	McMillan	Stratton
Dickinson	Mackay	Sweeney
Diggs	Mackie	Teague, Calif.
Dorn	Mailliard	Thompson, N.J.
Duncan, Oreg.	Martin, Ala.	Thompson, Tex.
Dyal	Martin, Mass.	Todd
Edmondson	Matsunaga	Toll
Evans, Colo.	Miller	Trimble
Evins, Tenn.	Morrison	Vigorito
Fisher	Morton	Watkins
Flynt	Moss	White, Idaho
Foley	Murray	Willis
Ford,	Nix	Wyatt
William D.	O'Brien	

The SPEAKER. On this rollcall, 330 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT

Mr. PEPPER. Mr. Speaker, I yield 30 minutes to the able gentleman from Nebraska [Mr. MARTIN] and, pending that, I yield myself such time as I may consume.

(Mr. PEPPER asked and was given permission to revise and extend his remarks.)

Mr. PEPPER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1023, and ask for its immediate consideration.

Mr. Speaker, House Resolution 1023 provides for the consideration of S. 3708, to assist city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in these areas, to improve and amend our housing programs, and for other purposes. The resolution provides an open rule with 6 hours of general debate.

It is most important that we take prompt action on S. 3708. The hour is late, and the bill which we have before us is one of the most important which has come before this Congress.

Mr. Speaker, the other body took affirmative action on S. 3708, and passed that bill on August 19. The bill now before us was referred to the Committee on Banking and Currency on August 22, which promptly reported the bill in the form of an amendment. The bill in-

cludes the provisions of the Senate-passed bill as well as provisions from S. 3711, a general housing bill, and other House bills.

The task which we face today is a critical one; it is to decide whether this Congress can offer the Nation an opportunity to meet squarely the many unresolved problems which now face our urban areas. The President, in his special message to the Congress, succinctly characterized those problems in terms of cities of promise, and cities of hope—where every man has his chance, his opportunity, and the right to live and work and become whatever his ambition and his vision can combine to make him. He has proposed a program to rebuild and renew where there is blight, decay, and ugliness; to restore old communities and bring forth new ones.

The question before us today is the question whether we will make our cities the kind of cities in which all of us can be expected to live with dignity—today, and in the future, or—in the alternative—whether by neglect and delay we are to leave them to their own destiny where they could well decay below tolerable standards.

The legislation before us offers the opportunity, the promise, to make a new beginning in our continuing efforts to enhance the quality of life for all of America's citizens.

The background of S. 3708 is written in terms of many existing program conflicts, program gaps, and a lack of resources. A critical evaluation of this background and an analysis of the shortcomings of existing Federal programs led the President to propose this legislation.

Mr. Speaker, I submit that the need for this important legislation is well documented.

Because S. 3708 incorporates both the demonstration cities and metropolitan development proposals as well as the more general provisions included in the omnibus housing legislation this year, the bill is unavoidably long and somewhat complex. For these reasons, I will attempt to summarize briefly the principal provisions of the bill, leaving a more detailed explanation of its various provisions for the extended general debate which is provided under the rule.

Title I incorporates the administration's proposal for the new city demonstration program to which I have referred, consisting of both Federal financial and technical assistance. The program is designed to assist in providing the financial resources for cities to plan and carry out demonstration programs. These programs will be of sufficient size and scope to result in the rebuilding and restoration of entire sections or neighborhoods of slums and blighted areas. The programs involve more than brick and mortar, however. They will also reduce social and educational disadvantages, ill health, underemployment, and provide opportunities for work and training, in order to improve the general welfare and living conditions of people in these areas.

Under the bill, maximum responsibility will be focused on the locality itself, its people, and its officials. Federal financial and technical assistance will be provided to cities presenting imaginative and effective ways of dealing with both the physical and social problems of slum and underprivileged areas.

Federal funds would cover 80 percent of the cost of planning and developing comprehensive city demonstration programs. An appropriation of \$12 million a year for both fiscal 1967 and fiscal 1968 is provided for this purpose.

In addition, two types of Federal assistance would be available to help finance projects or activities that are included as part of an approved comprehensive city demonstration program.

First, to the extent such projects or activities are eligible for assistance under an existing Federal grant-in-aid program, they may be financed under that program.

Second, special grants, supplementing the assistance available under existing grant-in-aid programs, would be provided under the demonstration cities program to assist cities to provide their required share of the cost of projects or activities that are part of the demonstration program and are funded under existing Federal grant-in-aid programs, and provide funds to carry out other non-federally assisted projects or activities—including projects or activities of the type eligible for Federal assistance under existing grant-in-aid programs—undertaken as part of the demonstration program.

The amount of this special—supplemental—demonstration cities grant would be up to 80 percent of the total non-Federal contributions required to be made to all projects or activities assisted by Federal grant-in-aid programs which are carried out as part of a comprehensive city demonstration program. Under the bill, appropriations of \$400 million for fiscal 1968 and \$500 million for fiscal 1969 would be authorized for this financial assistance.

In addition, title I authorizes an increase of \$250 million in urban renewal grant authority, to be used for projects included in city demonstration programs.

Title II of the bill, the Metropolitan Development title, proposes improved ways and means to coordinate Federal activities in metropolitan areas. It authorizes supplementary Federal grants to both State and local bodies for metropolitan development projects as incentives for comprehensive metropolitan-wide planning and adherence to such planning. The supplementary grant would be conditioned on meeting standards for comprehensive planning on a metropolitan-wide basis. The grant to the public body sponsoring the metropolitan development project would amount to a maximum of 20 percent of the cost of the project, and in no case could the total grant exceed 80 percent of the project cost, nor could the supplementary grant exceed the basic grant. The bill authorizes appropriations of not to exceed \$25 million for fiscal 1967, and \$50 million for fiscal 1968. Assistance provided under title II will be for projects

in a standard metropolitan statistical area, defined by the Bureau of the Budget as the area in and around a city of 50,000 population or more.

Title III deals with a number of amendments to FHA programs. While all of the provisions contained in title III are significant, I will attempt only to touch briefly on certain of the major amendments contained in this title, leaving specific issues for the general debate. One amendment, for example, authorizes the financing at an interest rate of 3 percent under FHA section 221(d)(3) for acquiring and rehabilitating housing by nonprofit groups for resale to families of very low income. Another provision of title III would reactivate on a limited basis the armed services housing program—better known as the Capehart program—and would authorize an additional 5,000 units of off-base section 810 rental housing for the military. Yet another provision included in title III would extend the eligibility for the preferential terms under FHA section 203 extended to veterans in the Housing and Urban Development Act of 1965, to include those veterans who have used their VA entitlement.

Title IV contains a new program to extend FHA mortgage insurance for land development so as to include the financing of entire new large-scale communities. This title would increase from \$10 to \$25 million the limit now provided on land development mortgages and would provide that mortgages for financing these new communities would be eligible for FNMA special assistance.

Title V of the bill would establish a program of mortgage insurance to finance the construction and equipment of buildings which would be used for group medical practice facilities. Such group practice facilities would be those for providing medical—including osteopathic—optometric or dental care and treatment. Under title V, insured loans would be limited to 90 percent of value, a maximum maturity of 25 years, and a maximum interest rate of 6 percent.

Title VI of the bill would authorize several new Federal programs, including grant and loan assistance, designed to assist in the preservation of the Nation's historic structures.

Title VII includes provisions related to the crediting of certain local expenditures as a local grant-in-aid under the terms of the urban renewal program.

Title VIII of the bill would amend the rural housing program administered by the Farmers Home Administration. One amendment would increase from \$1,000 to \$1,500 the maximum amount of a loan, grant or combined loan and grant for repairs and improvements to owner-occupied dwellings which are necessary to make them safe and sanitary.

The last title of the bill, title IX, includes a number of miscellaneous provisions among which is an amendment designed to clarify and improve mortgage and financial relief for those homeowners who have been placed in economic difficulties because of the closing of Federal installations or military basis.

Mr. Speaker, it is my considered opinion that the rule before us is a non-

controversial rule. S. 3708 had support from both sides in the hearings which the Committee on Banking and Currency held and even those who are highly critical of certain of the provisions in the bill supported the rule.

Mr. Speaker, S. 3708 is an extremely important bill. The programs which it would authorize represent what can be a dramatic new step forward, which can provide a significant beginning in solving the critical problems which face our Nation. It represents, in my opinion, a legislative product which has been thoroughly examined, debated and refined. I urge the House to approve this significant legislation.

Mr. Speaker, I include at this point in my remarks a statement by the President at his press conference on October 6 explaining the purpose of this legislation, strongly commending it, and reaffirming his recommendation:

STATEMENT OF PRESIDENT LYNDON B. JOHNSON ON THE DEMONSTRATION CITIES BILL AT HIS PRESS CONFERENCE OF OCTOBER 6, 1966

Question: Mr. President, sir, Monday the House is scheduled to vote on the Demonstration Cities Bill. Title II of that bill, which you are urging Members, I understand, to vote for, provides incentives or, rather, bribes to local communities to do away with their own school systems, to have open housing, and to create educational parks where there would be 25,000 or 35,000 children going to school. This would require busing of children long distances and would also bring about a system to correct racial imbalance.

You are a former school teacher. I wonder if you would tell us why you think doing away with the local school systems, as has been admitted by educators in your Administration would happen—I wonder why you think this would be better?

The PRESIDENT. First, I would not concur with your legal analysis of the bill.

Second, I am glad of the opportunity that you have given me to state that I believe there is no domestic problem that is more critical than the problem of rebuilding our cities and giving our people who live in the cities opportunities to develop as healthy, educated, productive citizens of our society—citizens who have the ability to get and to hold jobs, and to take pride in the place in which they live.

In order to try to get at the root cause of the problems of the cities, I asked a Task Force of bipartisan leaders of this Nation to make a careful study of this measure. Their recommendations are contained in the Demonstration Cities Bill.

Hearings have already been held. The Senate carefully and thoroughly debated the measure and passed it by an overwhelming majority. I do not think they gave to it either the interpretation that you place upon it or the fears that you express.

I do hope that the House will take prompt and favorable action early next week.

As I said in the beginning, and as I would repeat again, I think it is one of the most important pieces of legislation for the good of all American mankind that we can act upon this session.

Mr. Speaker, I include also a statement of a group of leading businessmen urging passage of this administration bill. I take the time to mention these gentlemen because maybe other Members have been subjected, as I have, to a barrage of opposition to this legislation from all over my State and other parts of the country, reflecting a total misunderstanding of the character, purpose, and objectives of the legislation. These are

the types of businessmen who on October 10 issued the following public statement announcing their strong support for this legislation:

STATEMENT OF A GROUP OF LEADING BUSINESSMEN URGING PASSAGE OF DEMONSTRATION CITIES ACT, OCTOBER 10, 1966

The most pressing domestic problem of our time is the problem of the American city. Wherever it is located, whatever its size, the city presents a crucial challenge that will grow as our Nation grows. It is a challenge which reaches each of us. And all of us must join in its solution.

Our cities are being submerged by a rising tide of confluent forces—disease and despair, joblessness and hopelessness, excessive dependence on welfare payments, and the grim threats of crime, disorder and delinquency. These forces flow strongest in the city slums, from whence they spread relentlessly to threaten the quality of life in every quarter.

What can be done to help meet this problem head on?

The response is the Demonstration Cities Act, a keystone and historic program for the cities now before the Congress. Passed by an overwhelming majority in the Senate, the measure is now pending before the House of Representatives.

As responsible and deeply concerned citizens over the future of American cities, we urge prompt passage of this, the single most important domestic proposal before the Congress.

The Demonstration Cities Act is the product of two years of intensive and imaginative work by a bipartisan group in the Nation's leading industrialists and specialists in urban affairs. It authorizes a national program to develop comprehensive plans for rebuilding neglected neighborhoods, and provides federal financing to cover 80% of the cost of the approved pilot or "demonstration" projects submitted by cities of all sizes. Additional assistance is authorized to supplement existing municipal planning programs in all of our cities.

The essentials of the Act are threefold:

First, a basic comprehension that the problems of the city are not made of brick and mortar but of people.

Second, an understanding of the progress that can come from the moving spirit of free and creative community enterprise.

Third, a new flexibility, adapted to local needs, designed to encompass new ideas and shaped to encourage private enterprise and innovation and technological advances in all American cities, large and small.

As businessmen, we are especially mindful of the need to hold down federal expenditures until the immediate threat of inflation is contained. The proposal is a fiscally responsible measure. The funds proposed will move this humane program forward, consistent both with the Nation's economic well-being and with our highest hopes for the future of our cities. In our business judgment, it deserves to be ranked as high on any list of national priorities as any domestic program we know.

America needs the Demonstration Cities Act.

Stephen D. Bechtel, Fred J. Borch, Howard L. Clark, Donald C. Cook, Justin W. Dart, R. Gwin Follis, Henry Ford II, Thomas S. Gates, Jr., Ben W. Heineman, Edgar F. Kaiser, David M. Kennedy, Robert Lehman, John A. McCone, Cyril J. Magnin, Stanley Marcus, Alfred E. Perlman, Herman H. Pevler, David Rockefeller, Stuart T. Saunders, Herbert R. Silverman, Jack I. Straus, Thomas J. Watson, Jr.

AFFILIATIONS OF BUSINESSMEN SUPPORTING THE DEMONSTRATION CITIES ACT

Stephen D. Bechtel, Chairman, Bechtel Corporation.

Fred J. Borch, President and Chief Executive Officer, The General Electric Company.

Howard L. Clark, President and Chief Executive Officer, American Express Company.

Donald Cook, President, American Electric Power Service Corp.

Justin Dart, President, Rexall Drug and Chemical Company.

R. Gwin Follis, Chairman of the Board, Standard Oil of California.

Henry Ford II, Chairman of the Board and Chief Executive Officer, Ford Motor Company.

Thomas S. Gates, Jr., Chairman of the Board and Chief Executive Officer, Morgan Guaranty Trust Company.

Ben Heineman, Chairman of the Board and Chief Executive Officer, Chicago and North Western Railway.

Edgar F. Kaiser, President, Kaiser Industries Corporation.

David Kennedy, Chairman of the Board and Chief Executive Officer, Continental Illinois National Bank & Trust Company.

Robert Lehman, Chairman of the Board and Chief Executive Officer, Lehman Brothers.

John McCone, Investment Banker.

Cyril J. Magnin, President, Joseph Magnin Company.

Stanley Marcus, President, Neiman-Marcus.

Alfred E. Perlman, President and Chief Administrative Officer, Pennsylvania New York Central Transportation Company.

Herman H. Pevler, President, Norfolk & Western Railway Company.

David Rockefeller, President and Chairman of the Executive Committee, The Chase Manhattan Bank.

Stuart Saunders, Chairman of the Board and Chief Executive Officer, Pennsylvania Railway.

Herbert R. Silverman, Chairman of the Board and Chief Executive Officer, James Talcott, Inc.

Jack I. Straus, Chairman of the Board, R. H. Macy, Inc.

Thomas J. Watson, Jr., Chairman of the Board, International Business Machines Corporation.

Mr. CLARENCE J. BROWN, JR. Mr. Speaker, will the gentleman yield?

Mr. PEPPER. I yield to the gentleman from Ohio.

Mr. CLARENCE J. BROWN, JR. I just came on the floor. Is this a list of members of the President's Club that the gentleman is reading?

Mr. PEPPER. I do not know whether these gentlemen are members of the President's Club. I suspect a good many of them are members of the Republican Boosters Club.

Mr. CLARENCE J. BROWN, JR. I thank the gentleman.

Mr. PEPPER. Mr. Speaker, I would just like to read, if I may an editorial that appeared in the Washington Evening Star of yesterday afternoon, October 12, 1966. It is entitled "Help for Cities":

HELP FOR CITIES

If anyone doubted it before, the Ribicoff hearings proved that no single infusion of federal aid can solve the problems of cities. Congress still has time this session to take at least a step in the right direction, however, with approval of the administration's "demonstration cities" program, on which House debate opens tomorrow.

The bill's principal merit is a novel approach which boils down, essentially, to this: For too long, our cities have been nibbling away at their problems with a multitude of single-purpose programs, nearly all involving substantial amounts of federal aid. The new program proposes to see what can be accom-

plished with concerted attacks on urban blight. In the process, it would drastically increase Federal assistance for a wide spectrum of projects in such fields as housing, welfare, urban renewal, economic opportunity and transportation.

The concept of treating the social and physical symptoms of urban disease as parts of a single problem is thoroughly sound. Indeed, this is precisely the sort of thing toward which the District, quite independently, already is pointing with its Shaw urban renewal project. There are similar projects in central cities throughout the country. And beyond central cities, the bill also recognizes the necessity of metropolitan planning as the basis of orderly urban area development.

The descriptive term, "demonstration," moreover, is apt. The President's initial proposal envisioned a \$2.3 billion program, spread over five years. To meet Senate criticism, the proposal has been cut to \$900 million over three years, with only \$12 million, allotted to planning, for the current fiscal year.

Ironically, since at this point it ranks as the administration's major domestic endeavor of the year, the purposes and scope of the "cities" program have not come through clearly to the public. The concept was originated by an independent task force; President Johnson snapped up the idea quickly, and widely publicized it, before its mechanics had been fully developed.

With the passage of time, however, many of the early uncertainties have been resolved. As approved by the Senate, the bill now is vigorously supported by local officials. This week, it won strong endorsement from the chief executives of 22 major American corporations, including David Rockefeller and Henry Ford II. Inflationary dangers notwithstanding, the businessmen said, the bill is a "fiscally responsible" approach to "the most pressing domestic problem of our time."

We agree. The House should hold firm against the efforts which undoubtedly will be made on the floor this week to defeat the Senate-approved version or, failing that, to mutilate it.

Mr. Speaker, I add only that this bill provides that no project can receive Federal funds unless it originates from and is sponsored by local authorities, local officials, local people.

I have seen, in the districts which I and my distinguished colleague, the gentleman from Florida [Mr. FASCELL], have the honor to represent a magnificent example of this kind of cooperation in the past several months. When it was announced that a second wave of Cuban refugees was to come to Florida, many of our people were concerned about whether we could absorb the impact of those thousands of additional Cuban refugees in our community.

The President told us that the Federal Government would bear a large part of the responsibility for helping our local people carry on this program of giving refuge and sanctuary to these people fleeing from tyrannical communistic persecution. In order to do that the President appointed the Honorable John Gardner, Secretary of Health, Education, and Welfare, to coordinate all the Federal programs that would have anything to do with helping our Greater Miami community to meet the impact of this second wave of Cuban refugees.

Our local citizens responded and named what we call the Dade County Task Force, the head of which was an able and outstanding businessman, John

B. Turner. Bishop Coleman F. Carroll, of the Catholic diocese of Miami was one of the leading sponsors of this task force. Representatives of other denominations in the area, outstanding businessmen, and private citizens cooperated.

The result was that we received the impact of these thousands of new refugees and were able to accommodate our economy to doing so because we had co-operation among public and private people at the local level and between them and the State government and the Federal Government.

That is exactly the sort of program which is envisaged in this legislation.

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. PEPPER. I yield to the gentleman from Missouri.

Mr. HALL. I appreciate the gentleman yielding. I rise with neither ax nor scalpel in hand. In my mind there is no attempt to mutilate. In fact, I will not discuss the bill itself, but I rise only to the waiver of points of order in lines 3 and 4 on page 2 of House Resolution 1023. Would the distinguished gentleman from Florida tell the Members of the House again why they are prevented from intervening with a point of order should this rule be adopted?

Mr. PEPPER. The able and distinguished chairman of the House Committee on Banking and Currency requested this waiver of points of order by our Committee on Rules, and I yield to the able chairman of the Committee on Banking and Currency for an explanation of that.

Mr. PATMAN. Mr. Speaker, I thank the gentleman for yielding.

The House Committee on Banking and Currency reported out an entirely new bill in the nature of a substitute. Out of an abundance of precaution we asked for waivers of points of order. We do not know of anything in particular that would be subject to a point of order, but waiving points of order does not cause the House to forgo anything, as the gentleman well knows. Every line of the bill will still be subject to a vote on its merits here on the floor of the House. This is just a matter of expediting the bill. As the gentleman knows, on the Committee on Ways and Means they waive points of order and they have closed rules. I certainly do not believe that the gentleman would object to a bill this large running the risk—

Mr. HALL. If the gentleman will yield further, I certainly do not agree with the distinguished gentleman from Texas that this fails to take away the prerogatives of the individual elected Members of the House, because it does just that. It means we must vote on the whole package of the bill, including the five or more nongermane titles according to the rules of the House that have been put into this bill beyond the first and second titles without the intervention of a point of order which would preclude the further consideration of a bill coming under the jurisdiction, surveillance, and oversight of the Committee on Banking and Currency. So, although there is a 5-minute rule allowed on the substitute, once that substitute

intervenes under this rule and it makes that substitute in order, then no point of order can be brought up against any part of that substitute. This certainly does restrict the prerogatives of the individual Members of the House, and we have had this matter before us on many occasions. I hope that the gentleman will explain whether or not those five titles are germane to the general purport of the so-called demonstration cities bill and the surveillance of the Committee on Banking and Currency. That is the intent of my question, Mr. Speaker.

Mr. PEPPER. May I give my own version of that? The purpose of this bill is primarily to coordinate and focus in a given area where local initiative has invoked such assistance, the various Federal programs. Therefore, if you are to coordinate all of the Federal programs which can be of use, working with local authorities, to eliminate a vast area of slums in a given population center, then, of course, there must be central authority to bring them into cooperation. Due to the fact that we have different programs which were brought together and focused through the Department of Housing and Urban Development here, I daresay there is a remote possibility that someone might say there was a point of order involved in some minor detail. So the able chairman of the Committee on Banking and Currency, out of an abundance of precaution, asked the Committee on Rules to allow a waiver of points of order. That same thing is done by the able chairman of the Committee on Ways and Means because an amendment offered to a tax bill on the floor here might affect some other section of the Internal Revenue Code. We are always requested to give and we do give waivers of points of order in reporting out rules on those matters.

But, Mr. Speaker, this is an open rule, I will say to the able gentleman from Missouri [Mr. HALL] that he will have a full opportunity to offer any amendment he may wish to offer to any part of this legislation.

Mr. HALL. Mr. Speaker, it is absolutely unconscionable to say that this is an open rule and at the same time say that it shall be in order to consider the substitute, without the intervention of any point of order, the committee amendment in the nature of a substitute now printed in the bill.

Mr. Speaker, it is not an open rule.

Mr. PEPPER. That language gives the House of Representatives wider latitude than it would otherwise have.

Mr. HALL. I must say to the distinguished gentleman from Florida [Mr. PEPPER] and to the gentleman from Texas [Mr. PATMAN], I well know that many Committee on Ways and Means bills are brought up for consideration, preventing any intervention of any points of order.

Mr. Speaker, this is done in order not to have to rewrite and cause the printing of the entire act, the statute, the code, or the bill.

But, Mr. Speaker, this does not make my point, a point that I have been bringing up here over the last two sessions of Congress, about the waiver of points of

order with respect to other than tax bills any less valid.

In fact, I do not approve waiving points of order and the prerogatives of the individual Members of this House of Representatives, Members who represent their own constituency even when considering Committee on Ways and Means bills and that committee's procedures.

Mr. Speaker, I want to declare that under what the gentleman said, there are five titles contained herein, titles subject to points of order, because they do involve FHA, FNMA, and others, and it changes the rules in many areas, other than of demonstration cities, over which this committee has the surveillance, the protection and cognizance, if you please, oversight of the Committee on Banking and Currency.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. PEPPER. I yield to the gentleman from Texas.

Mr. PATMAN. Mr. Speaker, under the rule, this substitute is to be considered as an original bill, and to any part of this bill one can offer an amendment to it—to strike out any section, any word, any paragraph or any title.

So, Mr. Speaker, the House has full and complete charge and its will can be expressed upon any part of this bill.

Therefore, certainly, no powers of jurisdiction are taken away from this House of Representatives.

Mr. HALL. Mr. Speaker, I full well recognize the difference between the 5-minute rule and the waiver of points of order, and I am sure the distinguished gentleman from Texas [Mr. PATMAN] does likewise.

However, I am sure that some of our authority is removed through the waiver of points of order.

Mr. Speaker, I appreciate the fact that the packed Committee on Rules did not also waive the 5-minute rule or the opportunity to offer amendments at all points after the general discussion has been had upon the bill.

Certainly, Mr. Speaker, I hope that the gentleman in handling the bill will not restrict the time insofar as the 5-minute rule is concerned.

Mr. PATMAN. Certainly not.

Mr. MARTIN of Nebraska. Mr. Speaker, will the gentleman yield to me for a question?

Mr. PEPPER. I yield to the gentleman from Nebraska.

Mr. MARTIN of Nebraska. In respect to this question as to waiving points of order, I believe the facts are that the House Committee on Banking and Currency earlier this year reported out H.R. 15890 and subsequently, there were some changes made in this legislation, and then substituted the Senate bill, a bill which only contained two sections which the Senate bill left in the enacting clause, and under the rules of the House, the last seven sections of the bill, which we have printed before us are not germane to the enacting clause of the Senate bill.

Mr. Speaker, that is why the request was made, and voted, over the objection of the minority, to waive points of order on this legislation.

Mr. PEPPER. Mr. Speaker, I thank the gentleman from Nebraska for those remarks.

Mr. MARTIN of Nebraska. Mr. Speaker, I yield myself 15 minutes.

(Mr. MARTIN of Nebraska asked and was given permission to revise and extend his remarks.)

Mr. MARTIN of Nebraska. Mr. Speaker, as the gentleman from Florida has stated, House Resolution 1023 provides for the consideration of S. 3708, the Demonstration Cities and Metropolitan Development Act of 1966. The rule provides for 6 hours of debate under an open rule which waives points of order against the committee substitute now in the bill. If this waiver were not included in the rule, the last seven titles of the bill would be subject to a point of order as not being germane.

I do not wish to unduly delay consideration of the bill, Mr. Speaker. Therefore, I shall not discuss each title of the bill—and there are nine of them. Most of the controversy surrounding the bill as well as the thrust of the minority views goes to the first two titles. I shall discuss these in some detail.

First, we should be clear that we are not here to consider the Senate-passed bill, only the number remains. S. 3708, as passed by the Senate had two titles—not nine. Even the original two titles have been substantially modified. The Committee on Banking and Currency had originally reported out its version of the program, H.R. 15890. This bill was abandoned supposedly. Actually, what we have before us today is a slightly modified version of that bill, hiding behind the Senate bill number.

Title I establishes a program of demonstration cities. This is a program of Federal grants to selected cities for technical and planning assistance, to help the city plan and carry out a comprehensive program of rebuilding and restoring entire sections of blight within the city.

Federal grants, authorized at \$12 million for each of fiscal years 1967 and 1968 will provide two kinds of assistance—planning and programing.

Planning assistance is on an 80-20 basis. It will provide supplementary financial aid to selected demonstration cities, to assist them in taking advantage of existing Federal programs, such as grants for hospitals, libraries, water treatment and sewage, and I quote, "educational and social services vital to health and welfare." A further purpose of the bill, and again I quote from section 101 is "to improve educational facilities and programs." Such supplemental assistance grants can equal 80 percent of the non-Federal share of the project as determined by existing law. As an example, a 50-50 cost sharing project, included under a title I planning program, could be refunded into a 90-10 project with the Government picking up the lion's share of the cost. These supplemental grants may also be used to reduce the local cost of nonfederally assisted programs, which could include local school construction.

For fiscal 1968, \$400 million is authorized under the bill; \$500 million in fiscal 1969.

Mr. Speaker, apart from other objectionable features, concerned with education generally, title I would be a bad proposal. Since most existing programs covered by this title are actually covered by current urban renewal programs; and since the supplemental grants for selected demonstration cities will enable these selected few to siphon off a much greater than normal amount of the Federal funds available for such programs because of the greatly reduced costs to such cities, a sop has been added by the committee for all the hundreds of other cities who are not selected as demonstration cities. To quiet the natural objections of most of the cities of America, an additional \$250 million has been authorized for the urban renewal program, beginning in fiscal 1968, I might add that according to figures supplied by the Department of Housing and Urban Development, this will not begin to make up the difference. The \$725 million authorized for fiscal year 1967 is all but exhausted; and we are only some 3½ months into the fiscal year, and that sum is about three times the additional amount authorized by the committee to be used beginning in 1968.

Under title I, Federal planning and programing grants would go to existing or created public agencies with authority to undertake citywide planning. Eighty percent of such planning costs could be covered by the Federal grant.

To qualify a city must be prepared to surrender much of its independence. It must, in order to qualify for the supplemental grant program: First, plan comprehensively to provide low- and middle-income housing and improve the educational, social, and health services to a substantial portion of the city, not isolated, small parts of it; second, if necessary—in the Secretary of HUD's opinion, the city must be prepared to change its laws, zoning ordinances, and so forth, to conform to a master plan; third, the city planned program must met, and I quote from section 103, and I quote from the bill itself:

SEC. 103. (a) A comprehensive city demonstration program is eligible for assistance under sections 105 and 107 only if—

(1) physical and social problems in the area of the city covered by the program are such that a comprehensive city demonstration program is necessary to carry out the policy of the Congress as expressed in section 101;

(2) the program is of sufficient magnitude to make a substantial impact on the physical and social problems and to remove or arrest blight and decay in entire sections or neighborhoods; to contribute to the sound development of the entire city; to make marked progress in reducing social and educational disadvantages, ill health, underemployment, and enforced idleness; and to provide educational, health, and social services necessary to serve the poor and disadvantaged in the area, widespread citizen participation in the program, maximum opportunities for employing residents of the area in all phases of the program, and enlarged opportunities for work and training;

I submit, Mr. Speaker, under the terms of the language in the bill itself, it gives the Housing Director in Washington control clear across the waterfront as to the operation of our cities and in all phases of municipal operation.

Mr. Speaker, I have never seen a broader grant of power to an executive department since I have been in Congress. The opponents of this bill have been accused of using scare tactics—well, I for one find a good deal that bothers me in title I, and I believe that section 103, from which I have just quoted, has language in it which can worry any thoughtful Member of this House.

Title II of the bill is the metro-planning title of the bill. It provides a further program of Federal supplemental grants for a metropolitan area which will plan on an areawide basis in such areas as highways, sewer and water treatment facilities, recreation, mass transit, and now I quote from section 203(b):

"Other proposed land development or use, which, because of their size, density, type, or location, have public metropolitan or interjurisdictional significance."

The title provides that the Secretary of Housing and Urban Development, upon the request of local officials, can appoint a Federal expeditor whose function is to provide information and assistance to local authorities concerning Federal programs. The original, administration bill required his appointment. I wonder if any cities qualifying for title II grants will be able to resist "asking" for an expeditor.

A program of supplemental grants is instituted under title II, as an incentive toward metroplanning and development. Authorizations are \$25 million in fiscal 1967 and \$50 million in 1968. They will supplement existing Federal programs and can equal 20 percent of the total project cost.

To qualify for such supplemental grants a metropolitan area must: First, plan areawide for projects with a major impact on the area; second, it must also, and again I quote from the bill, section 205:

GRANTS TO ASSIST IN PLANNED METROPOLITAN DEVELOPMENT

SEC. 205. (a) The Secretary is authorized to make supplementary grants to applicant State and local public bodies and agencies carrying out, or assisting in carrying out, metropolitan development projects meeting the requirements of this section.

(b) Grants may be made under this section only for metropolitan development projects in metropolitan areas for which it has been demonstrated, to the satisfaction of the Secretary, that—

(1) metropolitanwide comprehensive planning and programing provide an adequate basis for evaluating (A) the location, financing, and scheduling of individual public facility projects (including but not limited to hospitals and libraries; sewer, water, and sewage treatment facilities; highway, mass transit, airport, and other transportation facilities; and recreation and other open-space areas) whether or not federally assisted;

You see, it says "including but not limited," and so again, under the terms of the bill itself, it is a complete open end for the Secretary of Housing here in Washington to go in and do anything he wishes in regard to the operation of our cities.

I would like to read to you the definition of a metro area, which is what we

are concerned with in title II. On page 59, line 16, of the bill the following definition appears:

(4) "Metropolitan area" means a standard metropolitan statistical area as established by the Bureau of the Budget, subject however to such modifications and extensions as the Secretary may determine to be appropriate for the purposes of this title.

You know what that will do. That will give the Secretary complete power to lay aside the boundaries of any metropolitan area in the United States, and include in those boundaries under his direction, by edict from the Secretary, all suburban areas which are included in the metropolitan area for this metro planning that we are concerned with in title II. This would give him complete power and jurisdiction to do that.

I might say, Mr. Speaker, that they do lay it on the line. The Department of Housing and Urban Development is out to gain greater control over our cities than anyone would have dreamed; over every facet of our urban life. They do admit it—it is clear in the bill—if it is accomplished we can blame no one but ourselves—they told us what they wanted to do.

Mr. Speaker, I said earlier that those who have opposed this bill have been accused of raising false issues and using scare tactics to gain support for their efforts. I have pointed out, Mr. Speaker, specific language in the bill which should bother every thoughtful Member. This language, standing alone, confirms everything I have said. But Mr. Speaker, there is more, much more to be said concerning S. 3708.

The specter of Federal domination of our education has been raised, along with the death of our neighborhood schools. Proponents have pooh-poohed these attacks by the gentleman from New York. I have not delved fully into all aspects of this particular controversy, Mr. Speaker, but I am aware of certain facts, of which, I believe, Members should be made aware. In February of this year, Secretary Weaver testified before the Banking and Currency Committee that not only could educational planning of school district lines, and locations of new schools be included in areawide planning, but that it was required that such be included.

This can be found on pages 45-46, 52-53, and page 106 of part I of the hearings. The Secretary's testimony is confirmed by language in titles I and II which include educational planning among those items required to be included.

I should note here, Mr. Speaker, that last week, the Rules Committee heard testimony from the Commissioner of Education, Mr. Howe. A speech he delivered in New York on May 3, 1965, was discussed, in which Mr. Howe stated:

Building programs for the future should be planned so that new schools break up rather than continue segregation. The Office of Education will provide federal planning funds for such efforts right now, and if I have my way about it, we will provide construction funds before long. Moreover, with the creation of the new Department of Housing and Urban Development, there is a new Federal tool to help education in the

attack on de facto segregation. Planning for new land use and for housing patterns in the city must go hand in hand with planning for education.

In answer to a direct question, the Commissioner denied any knowledge whatsoever of the language in titles I and II, language directly concerned with area-wide educational planning. That he should be so totally unaware is too much to believe.

Mr. Howe also made light of the draft education bill for 1967, which has made public. He dismissed it as, and I quote, "a very preliminary piece of paper that was used for conversational purposes—but—had no great standing with us in any official sense." I will state to the Members that evidence within the draft document itself refutes that statement most clearly. The document bears the legend "Presented to the Secretary, September 1, 1966"; it has a 5-year authorization projection, down to the dollar, spelled out; names on the document who had worked on it were discovered to be working in such areas as program planning, and legislative drafting for the Office of Education.

Let me read just a brief memo in regard to this legislation from Mr. Howe's Department. This is in regard to title II, section (d) of that proposed bill:

Supplementary grants providing an additional twenty percent of the project cost would be made to projects which fit into metropolitan area plans. This increased federal share would provide an incentive for joint school district planning in metropolitan areas. This proposal is patterned after the proposed supplementary grants for planned metropolitan development contained in Title II of the Senate-passed "Demonstration Cities and Metropolitan Development Act of 1966" (S. 3708). If enacted into law, that legislation could simply be amended to include school construction projects assisted under this proposed program in the definition of an eligible "metropolitan development project."

The SPEAKER pro tempore (Mr. BOLING). The time of the gentleman from Nebraska has again expired.

Mr. MARTIN of Nebraska. Mr. Speaker, I yield myself an additional 5 minutes.

That is a memo from the proposed legislation which was uncovered earlier this year. It is now being considered in the Department of Education as the Elementary and Secondary Education Act for 1967.

Mr. Speaker, these two titles, with authorizations totaling \$1,249 million, constitute a direct Federal attack on the rights of citizens in our urban areas to control their lives as they see fit, and on our neighborhood school system. The attack is direct; it is overt. It aims at nothing less than a remaking of our cities according to a Federal master plan.

The attack on our school system is no less direct. It is inconceivable, despite testimony to the contrary, that Federal Departments do not communicate with each other concerning legislation in which each is so vitally interested.

The other titles in the bill, seven in number, are amendments to current law covering such areas as FHA insurance, the "new towns" concept, the preserva-

tion of historic structures, urban renewal, and rural housing. Some are controversial.

I would just like to mention very briefly section 9 of this bill, Mr. Speaker, which changes the concept and the operation of FNMA which heretofore has been in the secondary housing market. This brings it directly into the primary housing market, because it provides that FNMA may advance up to 95 percent of the funds to builders who are constructing cooperative housing or nonprofit housing. This is the first time that FNMA has been brought directly into the financing field, so it is a complete change in the concept and operation of FNMA in a little noticed section, section 9 of this bill.

I will not dwell on them, Mr. Speaker, I have taken enough of the time of the House in this, the last week before adjournment.

Mr. MADDEN. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Nebraska. I will be through with my statement in just a moment, and then I will be glad to yield at that time.

I call the attention of the Members to the minority views contained in the report, covering a number of issues I have not discussed here; these will be discussed during general debate.

Mr. Speaker, I am disturbed by this bill, as I have indicated by my remarks. I do not believe that our cities have no problems; no one who has traveled this Nation can believe that. But I do believe that the solution is not found in a program dictated and controlled by Washington. I do not believe our neighborhood school system should be drastically modified under Federal direction. And these are the things S. 3708 will do. Language to accomplish these ends are in the bill. Those who say that such is not intended need only remember the floor debate of last week when we amended the education bill to prevent the Office of Education from continuing to violate both the clear intent of the Congress and the language of the Civil Rights Act of 1964. More housing for low- and middle-income families is needed. I agree with Mr. WIDNALL of New Jersey, that Urban Development funds should not just build expensive, high-rise apartments. I do not believe this bill is the answer. I shall vote against it in the belief that a solution can be found which does not stifle local initiative under Federal directions, which does not require that standardized Federal criteria control the development of our cities until one resembles another, which does not threaten our educational system.

Mr. Speaker, I have one other remark to make and then I will conclude my talk.

We have heard a great deal from the President about restraint. He has called upon both management and labor to use restraint in the negotiation of new wage contracts in order to hold down this great spiral of inflation which has our country in its grips. He has called on the housewives and the men of our families and the households to cut back on their purchases in order to lessen the demand

for goods and thereby hopefully to hold back this price spiral which is gripping us.

Mr. Speaker, the President has failed to mention restraint in Federal expenditures. The President has constantly criticized the legislative branch of our Government in respect to our authorization bills and in respect to our appropriation bills. And, Mr. Speaker, the President made a statement on last Friday, a statement which was widely quoted in the newspapers all over the country, to the effect that he was unable to make a determination in regard to the necessity of a tax increase until after the Congress adjourned, because he did not know how much we were going to appropriate until we finally adjourned.

Mr. Speaker, the President has not requested that the Congress cut back upon authorization.

Well, Mr. Speaker here is an opportunity for the legislative branch of the Government to reassert itself and to say to this country that we are not any longer a rubber stamp of the executive branch of the Government that we are going to stand up on our own feet and vote for this legislation upon its merits and Mr. Speaker here is an opportunity to save the taxpayers of this country \$1.4 billion proposed to be authorized in this program and to call the President of the United States on his criticism of the legislative branch of the Government.

Mr. Speaker, I reserve the balance of my time.

Mr. Speaker, I have no further requests for time.

I will now be glad to yield to the gentleman from Indiana [Mr. MADDEN].

Mr. MADDEN. I thank the gentleman for yielding.

(Mr. MADDEN asked and was given permission to revise and extend his remarks.)

Mr. MADDEN. Mr. Speaker, I want to commend the Banking and Currency Committee for the long days and weeks of committee work they devoted to this complicated and necessary legislation. This bill, if enacted into law, will be a great step forward in solving the slum and blighted areas problem in the cities and metropolitan centers of our Nation. It will provide practical experimentation programs on public facility and other services necessary to improve the general welfare of the people in these areas. This legislation will help with technical and financial assistance to these metropolitan areas that present practical and effective programs dealing with their physical and social problems. This financial aid will be set out in two main categories, to wit: planning assistance and program assistance. Almost total responsibility for the establishment and supervision of these operations will be under control and the responsibility of the elected officials of the local community. Under provisions of the bill program assistance for any project will be a maximum of 80 percent of the total non-Federal contributions made on all projects under existing Federal law which are being carried out as part of the city demonstration program.

The legislation will be of great aid for poor families in providing satisfactory housing with 3 percent interest including veterans' applications and directed especially to the acquisition and rehabilitation of housing by nonprofit groups and organizations. One title of this bill extends FHA mortgage insurance to finance construction and equipment of buildings to be used as group medical practice facilities. Insurance loans would be limited to 90 percent of value with a maximum maturity of 25 years and a maximum interest rate of 6 percent.

Title VII of the bill provides for the crediting of certain local expenditures as a local grant-in-aid under the urban renewal program.

Title VIII contains amendments to the Rural Housing Programs and administered by the Farmers Home Administration, including an increase from \$1,000 to \$1,500 as a maximum amount of a loan grant and a further loan and grant for repairs and improvements to owner-occupied dwellings which are necessary to make the buildings safe and sanitary.

Expert and detailed testimony was received during the hearings on all phases and aspects of this proposed legislation. Leaders of the homebuilding, real estate and mortgage industries testified in favor of this legislation. Labor organizations, civic groups, mayors, cooperative groups and others provided the committee with the benefit of their knowledge and recommendations. There are over 7 million homes in urban areas throughout the Nation that are run down or deteriorated. About 3 million do not have adequate plumbing or hot and cold running water. In many of our cities, entire sections and neighborhoods are in need of major surgery to overcome decay. Our cities have made great efforts to overcome the difficulties which are brought about by the influx of population from rural and smaller towns throughout the Nation. By reason of this great influx of families to the cities in recent years, it is estimated that 70 percent of our population is now centered in the metropolitan areas. Municipalities have had to increase their tax revenues approximately 43 percent and the local municipal government indebtedness has averaged over 120 percent.

If the Federal Government does not cooperate and extend aid to the millions of poor families and especially the multi-millions of schoolchildren, consternation, poverty, lawlessness, and riots are bound to expand and increase as years pass.

Legislation of this type is the greatest insurance not only against crime and juvenile delinquency but the aid in educational facilities will in future years lower our relief rolls, and make millions of taxpayers in the future which might otherwise become relief dependents and nonproducers to our economy.

The gentleman from Florida, Congressman PEPPER, in handling the rule on this legislation, has explained in detail the various complex and intricate provisions and proposals which this bill calls

for. I do hope it passes the Congress by a large majority.

GENERAL LEAVE TO EXTEND

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that all Members participating and speaking on the bill today or on tomorrow in the Committee of the Whole House on the State of the Union, be permitted to revise and extend their remarks and to include extraneous matter.

The SPEAKER pro tempore (Mr. BOLLING). Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PEPPER. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The resolution was agreed to.

Mr. PATMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 3708) to assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, S. 3708, with Mr. FLOOD in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Texas [Mr. PATMAN] will be recognized for 3 hours, and the gentleman from New Jersey [Mr. WIDNALL] will be recognized for 3 hours.

Mr. MacGREGOR. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman from Minnesota will state his point of order.

Mr. MacGREGOR. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Will the gentleman from Minnesota just be patient until the gentleman from New Jersey [Mr. WIDNALL] arrives?

Mr. MacGREGOR. Mr. Chairman, that was the purpose of my making the point of order, I will say to the distinguished chairman.

The CHAIRMAN. The Chair will state to the gentleman from Minnesota that in the opinion of the Chair, the gentleman from New Jersey [Mr. WIDNALL] will be here shortly. If the gentleman from Minnesota will withdraw his point of order and permit the Chair to make a few observations, while the gentleman from New Jersey [Mr. WIDNALL] is approaching the Chamber.

Mr. MACGREGOR. Mr. Chairman, the Chairman, with my permission, is granted full leave to make any statement which the Chair desires to make. It is always a delight to listen to the gentleman from Pennsylvania.

The CHAIRMAN. The gentleman from Minnesota [Mr. MACGREGOR] is very kind and I agree with the gentleman.

For what purpose does the gentleman from New York [Mr. FINO] rise?

Mr. FINO. Mr. Chairman, in view of the fact that the gentleman from New Jersey [Mr. WIDNALL], the ranking minority member, is not here, and will be delayed for some 15 minutes, may I respectfully suggest that we proceed?

The CHAIRMAN. Yes. The Chair is about to proceed.

The Chair would like to say that for several years he has been presiding over the consideration of this bill in Committee. Last year we had a very long, tough, hard-fought debate. We had no quorum calls, and not once was there a question about order in the Committee. The Chair is very grateful to the Members for that cooperation. The Chair respectfully pleads that they do the same thing this year.

This is October 13. May the Chair say to the gentleman from Texas [Mr. PATMAN] and to the gentleman from New Jersey [Mr. WIDNALL], in absentia for the minute, that the Chair finds little reason for 6 hours of debate, and it hopes and prays we do not have 6 hours of debate on October 13.

Second, this committee is an experienced committee. It is in command of this bill. The Chair is sure that the bona fides and the integrity of the opposition cannot be questioned and everybody will be heard.

Before the curtain goes up on this debate there are certain ground rules the Chair has laid down:

The Chair has asked the Sergeant at Arms—and would like the attention of the employees on this—The Chair has asked the Sergeant at Arms and the Doorkeeper of the House on the Democratic side, and their opposite numbers, to direct all employees of the House to stay off this floor while this bill is before the Committee—all of them, with the exception of one on each side to report to the Members and also has asked the men in charge of the pages in both of these corners to keep them quiet—they make too much noise.

The Chair also asked the telephone people to do the same thing. Everybody has agreed.

This applies to our visitors in the gallery. The Doorkeepers are to instruct them not to whisper or talk in the gallery, and to come and go as quickly as possible.

This is perhaps the most important piece of domestic legislation before the House this year. The Chair suggests we treat it so.

As far as this Tower of Babel over here to my right is concerned, the Chair requests the Sergeant at Arms to keep this aisle completely cleared. Thank you. This must be kept clear. You did this last year, and be very kind again.

Now, for those railbirds in the back—that is a source of great trouble. Will you please get off that rail and go away.

For the Members, there are ample cloakrooms and corridors. We wish you would all stay here and hear the leaders of this bill discuss it pro and con. If you do not want to, please go away. If you must talk, go out in the hall. If you insist upon talking, the Chair will stop the debate until you have finished.

If there is no objection, in the absence of the gentleman from New Jersey [Mr. WIDNALL] the Chair recognizes the distinguished chairman of the Committee on Banking and Currency, the gentleman from Texas [Mr. PATMAN] to open the debate.

Mr. PATMAN. Mr. Chairman, I yield myself such time as I may use.

Mr. Chairman, I rise in support of S. 3708, the Demonstration Cities and Metropolitan Development Act of 1966. It was approved by the Banking and Currency Committee by a vote of 23 to 8.

The President has described America's urban problem as the major domestic crisis of the past quarter of a century. That description is accurate and it embraces cities and towns of all sizes.

Our central cities wrestle with the physical problems of slums and blight. Complicating these are the tangled social problems of densely concentrated, disadvantaged people.

Surrounding the central city, the suburbs are troubled by the problems of an uncoordinated and often wasteful growth.

This is the shape of our present urban problem. Each day it grows in size and complexity. Prompt and effective action is necessary to rehabilitate the physical and social blight, and to provide programs that will coordinate our suburban growth. For the central city and its suburbs, in fact, are one. Programs to solve their problems must recognize this fact.

Here is another dimension of our urban problem. Within the next 35 years, our city population will increase by 100 million people. This means that—in less than 35 years—we must build as much additional urban America as we have yet built in our 350 years on this continent.

This bill before us is designed to meet those challenges.

The Demonstration Cities and Metropolitan Development Act of 1966 provides us with realistic tools for getting started without delay—and for getting the job done.

In the past, we have attempted to solve our city problems as separate and unrelated conditions. This one-program-for-one-problem approach has achieved some solid successes. In the overall, however, the conditions of our cities today is clear proof that "one program for one problem" is not adequate to the need.

Now for the first time, supplemental grants—which do not have a dollar-matching requirement—will make it possible for our cities to make a comprehensive overall approach to rebuilding and rehabilitating their blighted and rundown areas.

One aspect of the demonstration cities

proposal which has been largely overlooked is the stimulus it will give to housing construction and rehabilitation. This is especially important at a time when our great homebuilding industry is in a slump because of the tight mortgage money crisis. The construction and rehabilitation activity engendered by the demonstration cities programs will help take up the slack of the industry's underutilized capacity.

The bill is economical. It provides for the imaginative use of programs that are already funded, and of lessons that are already learned. Its use will also generate large investments of private and municipal capital.

With our troubled central cities, a typical demonstration program may well provide for the coordinated use of urban renewal; the construction of low- and moderate-cost housing; the development of recreation areas; improved transportation to better link homes and jobs; on-the-job training, to relieve unemployment pressures; and day-care and nursing homes to assist working mothers and the elderly. The end result would be one of lasting benefit to the development of the entire city. All of its inhabitants would profit—not just those who live in its blighted areas.

This bill also provides relief for our suburbs—for community planners who are struggling with areawide problems of conflicting codes, uneconomical use of water resources, and a multiplicity of jurisdictional authorities.

The planned metropolitan development title will make supplemental grants available to assist and give incentive to metropolitan planning programs, and—to support a wide variety of urban public projects, provided they are carried out in accord with comprehensive metropolitan planning.

Among the programs which are eligible for its supplemental assistance are those for transportation facilities—mass transit, airports, roads—water and sewage facilities, sewage treatment work, and other open-space projects.

And Mr. Chairman, I deplore the specious arguments being raised in opposition to title II of this bill. Although there is no mention of schools in the title, opponents fancifully hint of future legislation which would tend to force cities to bus school children in order to qualify for the grant program. There are dark implications that the neighborhood school is being threatened. These changes and innuendoes are all fiction and no fact. Both Secretary Weaver and Secretary Gardner have made this crystal clear in letters to the committee. I urge my colleagues not to be diverted by this "red herring" which is really masked opposition to the program itself which is designed to give vitally needed aid for metropolitan development.

Mr. Chairman, there are other desirable features of this important bill before the House. Provisions in Title III of the bill would improve the cooperative housing program, would help veterans to qualify for the special preference loan authorized last year under FHA despite previous use of GI loan entitlement, and would provide a new promising program

to make sales housing available at a 3-percent interest rate to very low income purchasers.

Title IV would extend the FHA financing for subdivisions which we authorized in last year's act to make entire new communities eligible. Many housing and planning experts are convinced of the inevitability of more and more new communities which will relieve some of the land and population pressures which are besetting our larger urban centers. In my judgment we should encourage, through Federal assistance, the growth of new rationally planned communities and towns.

Title V would set up a brandnew program of FHA mortgage insurance to finance the construction and equipment of buildings to be used as group medical practice facilities. The demands for health care are mounting rapidly and we need to provide every facility for the most efficient utilization of our relatively scarce supply of doctors, dentists and other highly trained professionals.

Title VIII contains several important amendments to improve the rural housing programs administered by the Farmers Home Administration.

The Committee on Banking and Currency and its subcommittee on housing has labored long and hard on this legislation. Earlier this year the housing subcommittee held 4 weeks of hearings and witnesses represented and covered every aspect of housing and urban development. They included many mayors who gave vigorous support to the demonstration cities program and other witnesses represented professional planners, home builders, labor organization, civic groups, and so forth. The proposed legislation was reviewed in detail by the full committee and I was particularly pleased with the full participation of every member of our committee in the drafting of the bill now before you.

In our deliberation, the original proposals were significantly moderated and the total dollar amount of the bill substantially reduced. The demonstration cities program as initially recommended contemplated \$2.3 billion in grant money. Working closely with the administration, both in our committee and on the Senate side, this amount has been cut to \$900 million over 2 years. With this compromise, and in view of the urgency of the problems which the bill would deal with, I believe it deserves the support of every Member of the House. The committee amendment now before us was reported by a solid majority of 23 to 8.

Mr. Chairman, the long labors of our committee have produced a bill which contains a number of vital and desirable new and improved programs. They will produce better housing, better cities and suburbs, and more basically—better citizens and better Americans. I call on my colleagues on both sides of the aisle to pass this bill and send it to the President without delay.

I share the views of the Chairman of the Committee of the Whole House on the State of the Union concerning the use of time. I know the Rules Committee granted 6 hours of debate, 3 hours

for each side. Personally, I believe we could get along with much less than that. If the minority is willing to forgo the use of any amount of their time, even half of it or more, our side is willing to yield.

We want to explore this bill fully, and particularly under the 5-minute rule we must have adequate time for the consideration of the different amendments, but I believe if we could get through with the general debate today we could start on the reading of the bill under the 5-minute rule tomorrow and long before sundown tomorrow we could complete the bill, and vote on final passage.

I hope this will be done, because if it is not we will probably face a Saturday session. I do not know of any Member who likes a Saturday session, but if it is necessary we will just have to have one, we are told by the leadership.

I sincerely trust that we can shorten the time of general debate and get under the 5-minute rule as quickly as possible and resolve and actually accomplish the completion of the bill before the end of the day tomorrow in order that we will not be forced into a Saturday session.

The CHAIRMAN. The Chair might say to the gentleman from Texas that the Chair has discussed the problem he just mentioned last with the Republican leaders, and they are very much in agreement. The Chair hopes both agree.

The Chair recognizes the distinguished minority member of the Committee on Banking and Currency, the gentleman from New Jersey [Mr. WIDNALL].

Mr. WIDNALL. Mr. Chairman, I yield myself such time as I may consume.

Mr. HALL. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from Missouri.

Mr. HALL. Mr. Chairman, the statement made by the distinguished chairman of the committee handling this bill on the floor and the gentleman in the chair of this Committee of the Whole House on the State of the Union is not meant to preclude going on into the 5-minute rule today, should we accomplish general debate, is it?

Mr. WIDNALL. Is the gentleman asking me that question?

Mr. HALL. I should like to have an expression from all of those who are making depositions about reading the bill and going over until tomorrow. I see no reason why we could not wind up general debate today and then go into the 5-minute rule discussions and start the amendment process.

Mr. WIDNALL. So far as I know, there is no agreement as to what is to take place today. There is a general area of agreement that we want to use all the time necessary to give every Member an opportunity to express himself, but we do feel it might be possible to conclude the general debate before the 6 hours allocated by the Rules Committee are used.

Mr. HALL. I certainly subscribe to that. I want it clearly understood that my only purpose in rising to ask the gentleman to yield was so that we did not circumvent ourselves from doing more

than just reading the initial portion of the bill, for amendment under the 5-minute rule on tomorrow. We could get into that today.

The CHAIRMAN. The Chair might remind the distinguished gentleman from Missouri, a famous surgeon:

Hope springs eternal in the human breast:

The Chair hopes the gentleman is right.

Mr. HALL. The rest of the quote is: Man never is, but always to be, blest.

The CHAIRMAN. The gentleman is so correct.

Mr. WIDNALL. Mr. Chairman, I have had a long time interest in housing, which has dated back to the third year I was in the House of Representatives, when I introduced a bill which I believe established the first Special Housing Subcommittee in the House.

At that time there was concern with what was going on with respect to the building of new homes involving many veterans. In their homes, specifications had not been met and their hopes and aspirations that they had upon obtaining a new home had not been fulfilled. Certainly not by the acquisition of that home because of fraud, waste, and improper inspection that were taking place.

At that time a special subcommittee was selected. President Truman was the President then and the Democrats controlled the House of Representatives. Mr. Rains of Alabama became the ranking subcommittee member, and I was the one on the Republican side. Since that time we have had special housing subcommittees, as we should have had for a long time, because housing is probably the most important legislation, I think, from year to year that we have.

I believe more employment is directly connected with it, outside of the defense industries, than with any other section of our economy. It is more or less a bellwether of our economy and what takes place is something which happily reflects itself in employment and in the betterment of conditions for all Americans.

Mr. Chairman, this bill we have before us today is an omnibus housing bill. Yet I believe most of the mail and telegrams that we are getting or many of our colleagues in Congress are getting are addressed to the demonstration cities bill. The other sections are forgotten and not mentioned. I do not recall that anybody, even including the 22 very fine gentlemen mentioned by the gentleman from Florida [Mr. PEPPER], when he was talking about the rule, referred to the other sections. They referred to the demonstration cities bill and said nothing about the other sections of this omnibus measure we have before us. I am deeply disturbed as a member of this committee and as the ranking minority Member for a number of years at what has been taking place. The original demonstration cities bill that came to the Congress was not something that was written by the House or the Senate. It was something that came up from the administration and was offered to us on a platter to accept.

I think for the RECORD it should be said that the subcommittee had qualms about it. I am talking for both sides of the aisle now. They had qualms as to whether or not it was wise to do it this year and whether or not we should just include planning money or whether or not we should go into any appropriation such as the \$2.3 billion requested for a 6- or 5-year period, which would be broken down to roughly about \$400 million a year. There was considerable dispute. I should not say "dispute," but there was considerable discussion within the subcommittee. I believe it was only yesterday a strong arm was exerted by the administration making sure that every i should be dotted and every t should be crossed and every comma left in the legislation. It was then that we got into the position where we now are. This makes us accept or reject this bill as written and submitted to the Congress.

Now, unfortunately, what we are considering today is far more than a demonstration cities bill. It includes far more. And yet the whole concentrated appeal back home, with the instructions to our mayors to write in and urge your Congressman to support it, is based on an appeal that there is something in it here for you.

And, Mr. Chairman, just remember this, that in the whole of the United States of America, under the census, every municipality of over 2,500 is a city; not New York, not Philadelphia, not Boston, not Chicago, not San Francisco, not Los Angeles, but every municipality of 2,500 is a city. And this is a demonstration cities bill.

Mr. Chairman, it does really just not make sense. We are now talking about \$400 million for 1 year, and \$500 million the next, to put on a demonstration that should be meaningful only to all principal cities of America. And at the same time we hold out to the mayors of other cities of the United States—and that includes cities that are considered to be cities if they have a population of from 2,500 up we tell them—you are going to be a part of the city demonstration program.

Now, Mr. Chairman, for a long time I worked and cooperated with, and had the very wonderful and meaningful cooperation of the majority side under the leadership of the gentleman from Alabama, Mr. Albert Rains, and our now distinguished chairman, the gentleman from Pennsylvania [Mr. BARRETT], whom I believe is a great American and whom I believe is trying to do everything he can to bring out a bill, an omnibus bill, a bill that is designed for the best interests of all the people of the United States.

At first, Mr. Chairman, I thought that this bill, with its preamble and its very meaningful principles and goals and its ideas represented something which everyone could accept, and immediately say, "Let us try it; let us go forward; we are going to do something that is going to be meaningful toward the future of the United States and toward the accomplishment of what we all want and what we all desire."

I desire—very, very badly—the improvement of the hard core city areas

that have slipped into slums and into deterioration, and that are infested with crime and disease as well as the unwholesomeness which now characterizes so many of the cities of America.

Mr. Chairman, as I thought about this more and more through the last 3 weeks, I have become extremely disturbed about the entire idea. I do not honestly believe that it has yet received the thoughtful consideration that it should receive from the administration itself. That administration is now holding a tiger by the tail, if it sets it up in this bill in its present form. And it is implicating our committees in both the House of Representatives and Senate by such orders, as well as by the 22 very fine citizens who recommend passage of the demonstration cities bill.

Mr. Chairman, I cannot see how we can meaningfully do a job, when promises of all kinds are held out, backed by all kinds of propaganda—radio, magazines, newspapers—propaganda—which I would say stems almost entirely from Washington, and not from any other place.

Mr. Chairman, the source is very obvious and there is no question but what it holds out a promise of every kind of project that one could imagine for a city located anywhere in the United States of America. But, Mr. Chairman, those promises just cannot be fulfilled.

Mr. Chairman, permit me to just read something that has just come into my hands, and only this morning.

Mr. Chairman, there are three editorials that were broadcast in New York City by Station WINS on the demonstration cities bill, broadcast over the entire metropolitan area. They have a very powerful impact upon the relations of our citizens, and they requested that all citizens write to their Congressmen telegraph them, and ask them to vote for the demonstration cities bill because it would do certain things.

Let me read from just two of these broadcasts. The second broadcast said in part:

Actually, funds provided by the demonstration cities bill can be used wherever a community can find a legitimate need for them. That could mean highway construction, port improvement, or any number of the other projects every city has wanted to tackle, but has never found the money for.

This is a major news media in the largest city in the world where the information is disseminated, and not just on the occasional hour or half hour. It is purely a news station that repeats this broadcast hour after hour through the day: "Highway construction, port improvement, or any number of other projects every city has wanted to tackle but has never found the money for."

The third broadcast on October 12, yesterday, said:

For each of us who knows first-hand about blighted, rundown big-city neighborhoods, the demonstration cities bill promises a kind of rebuilding that goes beyond bricks and mortar to jobs, education, and housing. What's been holding up passage?

Then it goes on from there, and tells about responsible business leaders, and these are the 22 who have been quoted by

the gentleman from Florida, Congressman PEPPER.

I should like to say that the general manager of that station, Joel Chaseman, does not realize that there are only \$400 million in this bill that is allocated for the first year, and \$500 million for the second year; that under the original proposals of Congress there were 70 cities to be part of the demonstration. This was then cut down to 60, and the New York Times has said recently that it is down to those 35 or 40 cities where demonstrations have been held, with no more than 15 percent of the funds available to any State.

Let me call your attention to this. We had some rather exhaustive hearings on this. We had the mayors of the great cities, and some of the smaller cities in before the House in order to hear what their problems were, and what they needed in order to truly do the job to take care of the massive needs of the cities.

Fifteen percent and \$400 million would mean that New York State could have \$60 million. Mayor Lindsay of New York has said \$10 billion for New York, which he later raised to a \$50 billion figure just for New York City. We had about 17 major cities before the House Subcommittee on Banking and Currency who added up in their testimony, as I recall it, to a figure close to \$10 billion. This was just for their cities—for their immediate needs to put on an adequate and proper demonstration.

I just question seriously what we are holding out to these cities at this point, and if we are sort of kidding every city in the United States with the unreliable promise that they are going to participate and obtain funds of a major nature to help them meet their own cities' needs in the immediate future.

I thought about this in terms of the water and sewage bill which most of us voted for, and which I cosponsored when it came to the floor of the House. There are currently over \$2.8 billion in applications for aid in water and sewage, and probably unquestionably I think they are proper applications, because they are screened pretty well before they go in.

This year there was available in the authorizations the figure of \$200 million to meet the needs of \$2,800 million for water and sewerage facilities for the municipalities of America.

The President has cut that—because he wants cutbacks for budget purposes—to \$100 million to meet the \$2,800 million for sewerage and water, that is certainly urgently needed for our cities because without water people will die and industry will starve and move out to some other place where there is water. Without water employment would go down and without sewerage facilities, tremendous health problems of course would arise.

If you measure the requests under that program of \$2,800 million as against \$200 million requested in the budget this year and the \$100 million it has been cut down to, by the President, what in Heaven's name are you going to do with \$400 million the first year when the major cities of America are actually all bank-

rupt today and are looking to Washington for all the help they possibly can get?

I want to help them. I want to help them seriously, but I just cannot see how we can act upon this intelligently now until we really have first some honest to goodness planning on every level in both the large municipalities and the medium sized and smaller sized municipalities so that we can truly understand and recognize what our problems are. Because these problems cannot be met by just passing a program now that will stifle the individual municipality's initiative. Why? Because every single municipality from 2,500 population up is going to say—"Why should we do the job when we are going to be able to get it out of Washington?"

I think this is a point that should be truly and seriously considered.

I dislike very much to differ with the very able chairman of our subcommittee, the gentleman from Pennsylvania [Mr. BARRETT], because I know how earnestly he has worked on this bill. I know what constructive work he has done and how earnestly he wants to improve conditions not only in his own city but in every city everywhere in America. I, too, want to do the same job. But I do not want to contribute to kidding America by passing a bill that today is going to be phony.

When is the first money under this bill going to be available? Well, \$400 million in the fiscal year 1968, I believe, and \$500 million in fiscal year 1969. I cannot truly see what harm is going to be done if we start, if we try to do a job, just with planning funds and seriously consider everything next year when we can pass on the planning that has been done and reevaluate the whole bill.

I am alarmed by the fact that some of the propaganda that has been put out in support of this bill holds out heaven from heaven for every municipality in the United States with population over 2,500 that wants to do something. We already have urban renewal on the books and this, of course, introduces many problems that demand money in the billions and billions of dollars. More, much more, will be needed for use in a demonstration city.

I think we should seriously try this idea, using major money but concentrate it on six or eight cities and see what happens. Then we can write into legislation the encouragement for the private sector of the economy that will let it do a job side by side with the State and municipality coming together on their joint problems and attacking them together.

We are not in a situation where we have a bottomless pit that is filled with money to do all those things we want to do. We all know we face, whether we like it or not in the next few weeks, a request for money running into the billions of dollars not just for the Vietnam war but also for the supplemental appropriations to provide for other areas of our Government operation in order to cover deficits of their operating programs.

I earnestly suggest to all of you that we listen to the debate and that we do everything that we can fully to understand the bill that is before us. Hear out the best of the pros and the best of the cons, and then arrive at the best solution and the best vote we can cast, not for the future of the great cities but for the future of America, because, after all, when we talk about cities of more than 2,500, we speak of all America. It is all America and not just a few cities that we must be thinking.

Mr. CAHILL. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from New Jersey [Mr. CAHILL].

Mr. CAHILL. I thank the gentleman for yielding.

First, I would like to say that I share the gentleman's admiration and appreciation for the contribution that has been made to housing in the United States by the gentleman from Pennsylvania [Mr. BARRETT], and to confirm that the great strides that have been made in the city of Philadelphia are largely due to his personal effort, personal interest, and personal leadership.

I have always, as has the gentleman in the well, subscribed, generally speaking, to what the gentleman from Pennsylvania has advanced as being good for the country in relation to housing. But, in this particular bill the gentleman has anticipated some of the things that I wanted to discuss. My concern is that there is a carrot being held out to literally hundreds of cities in this country, and there is an implied promise, if not an actual commitment, that the Federal Government is going to supply these cities with all the money that they need to do all the things that are necessary to eliminate slum clearance.

I know in my own State and in the gentleman's State that there have been editorials written urging the cities to be ready so that as soon as this legislation is passed and signed into law they can be here in Washington with their applications, so that we can start getting this job done. It is a job that we all recognize must be done. We all understand, I am sure, even those who represent rural communities, that the cities of this country need help.

But these are the questions I am troubled with, and I think some of the people in our State are troubled with:

First of all, if the gentleman will yield for these questions, it is my understanding that for the first year, fiscal 1968, \$400 million would be available.

Mr. WIDNALL. That is correct.

Mr. CAHILL. I understand there would be a limitation of 15 percent on each State. No State could get more than 15 percent of the \$400 million.

Mr. WIDNALL. That is provided in the bill.

Mr. CAHILL. Is there any limitation on an individual city, an individual project? For example, suppose that the city of New York were to submit to the Secretary a plan that was acceptable and, in fact, outstanding in every respect, and was a clear example of what we wanted to do for a city.

Suppose further that that plan called for, as we suggested, in New York City, for \$100 million. Would it be possible for the Secretary to allocate all of the funds available for the State of New York to the city of New York for that one project?

Mr. WIDNALL. As I understand the bill, it could be all allocated to that one city. It would be within the discretion of the Secretary.

Mr. CAHILL. If that one city got all the money that was allocated for that one State, would it then be impossible for any other city in that State to get any money under the bill?

Mr. WIDNALL. Not under this bill.

Mr. CAHILL. They could not get it?

Mr. WIDNALL. They could continue to get some money under the regular urban renewal program if funds were available. I understand the program, however, is heavily oversubscribed at the present time.

Mr. CAHILL. I direct the gentleman's attention to this particular bill. In other words, once the 15 percent has been utilized in a given State, that would end the money in this bill for that State; is that correct?

Mr. WIDNALL. The gentleman is correct.

Mr. CAHILL. The last question I should like to ask is as follows: If that is true, then, is it not entirely possible that only seven States in the United States could participate under this particular program, and it is also possible that one city in each of those States would be able to get all the money?

Therefore, within the realm of this bill there is the possibility that only seven cities in the United States could participate; is that not true?

Mr. WIDNALL. I believe that is very possible. In all fairness, I might say that the administrator, I am sure, would try to make it available to more than seven cities and seven States. But it is very possible under the bill.

Mr. CAHILL. If the administration is sincere as to doing something for the cities under a demonstration cities program, and if it is believed essential that we have planning money and implementing money, why have not these cities been designated in advance, and why has not the administrator limited this to a specific number of cities which he must know have an urgency, rather than to hold out the carrot to all the cities of the Nation?

Mr. WIDNALL. I believe this has been a decision of the administration through the Housing Administrator.

It is very noticeable that since the original proposal came up, when it contained, I would say, information or side remarks that 90 demonstration cities would be selected, it has been scaled down, with the same amount of money, first to 60 and then, as I say, now to 35 or 40.

If this were brought down to size, where it was really meaningful with respect to a few cities in every category—the large, the middle sized, and the small—I would support the legislation. But I still believe it would be wise to

give additional time through planning moneys really to think out a more thoughtful program with respect to exactly what is acceptable or what should be used in order to demonstrate what can be done by a massive attack within a particular city.

Mr. CAHILL. I thank the gentleman.

I should like to personally compliment the gentleman and to say that we in New Jersey feel the gentleman in the well is making and has made one of the great contributions in the Congress of the United States to housing in general in the United States. The gentleman is one of the most knowledgeable and one of the most dedicated Members of the House in this field. I, for one, certainly shall continue to listen with a great deal of interest to the debate as it progresses, and particularly to the recommendations of the gentleman in the well.

I thank the gentleman.

Mr. WIDNALL. I thank the gentleman.

Mr. MULTER. Mr. Chairman, will the gentleman yield on that point?

Mr. WIDNALL. Not just now. I should like to continue my remarks.

Mr. YATES. Mr. Chairman, will the gentleman yield for a question with respect to the letter he sent to the membership?

Mr. WIDNALL. I yield to the gentleman from Illinois.

Mr. YATES. The letter the gentleman sent out struck a most sympathetic note with me, because it has been my impression that the housing programs we have had for our major cities have not taken care of the neighborhoods that have not yet slid or deteriorated or suffered sufficiently to become urban renewal or code enforcement neighborhoods.

I believe the FHA programs have seemed to concentrate primarily on the building of homes in the suburbs. Hundreds of thousands of homes have been built under this program in the suburbs. And high-rise buildings have been constructed in many major cities.

But neighborhoods which need the rehabilitation to maintain their quality, to retain their standards as places in which people can live and bring up their children, are the neighborhoods we want to maintain, in order to prevent a flight from the cities to the suburbs.

It has been my impression, from what I have seen, that something is lacking in the housing program in this respect. Is there anything in the demonstration cities program which would emphasize this kind of rehabilitation?

Mr. WIDNALL. The demonstration cities program hopes to emphasize this, but it would broaden the attack in so many areas by including so many other things that the effect will be diffused with respect to the money that is utilized.

I intend to offer an amendment to section 7 of the bill, which applies to the urban renewal section.

This amendment I was going to speak about just now, says:

"(g) The redevelopment of the urban renewal area, unless such redevelopment is for predominantly nonresidential uses, will provide a substantial number of units of stand-

ard housing of low and moderate cost and result in marked progress in serving the poor and disadvantaged people living in slum and blighted areas."

(b) The amendment made by subsection (a) shall apply only in the case of contracts for loans or capital grants which are made with respect to urban renewal projects undertaken pursuant to urban renewal plans approved after the date of the enactment of this Act.

Let me just read you this, partly in answer to your question, from an editorial in the Cleveland Plain Dealer of August 29, 1966:

LOW MAN ON HOUSING LADDER

It is an article of this country's faith that every American ought to live in a decent home. But every American doesn't, as the abundant slums in big core cities grimly testify.

This is puzzling, because federal housing and home mortgage programs have been growing since the '30s, and \$5.5 billion in federal funds have poured into urban renewal in the past 17 years.

If Washington meant to move the worst-housed citizens into livable homes, we must conclude that federal housing programs keep on missing their mark. Some new, direct approach has to be found.

The first axiom of this problem is that private enterprise cannot provide lower income housing. There is no profit in building or maintaining at a shipshape level any housing for people with slum incomes.

Bottom-income families get some relief through public housing. But between the income ceiling for public housing and the poverty line of \$3,000 a year income for an average-size urban family lie thousands of Americans still miserably housed.

Just above them are those able to buy new homes. They get help from the Federal Housing Administration, because FHA insures banks or other loaning firms against bad mortgages made by home buyers who are not prime risks.

But most FHA homes are in suburbs. That program not only misses the low men on the housing ladder, it helps to extract from city neighborhoods those who are better off. It helps those better taxpayers to escape to the suburbs, aggravating the city's segregation problems and tax poverty.

Urban renewal has not helped the low man either. It has knocked his slum home out from under him and driven him to nearby areas. There, to pay higher rent, he has had to double up and crowd in with other families—which pulls those neighborhoods down too.

Urban renewal has built office buildings, exhibition halls, high-rent apartments, Boy Scout headquarters and colleges and other tax-exempt structures. But it has provided pitifully little low-rent or low-cost housing for the left-out low man.

As of May, 1965, urban renewal in Cleveland had put out \$80 million in loans, grants and expenses—without improving the total of taxable real estate in the city. In fact, it removed some \$2 million from the city tax duplicate.

Slum riots still shake the country. Congress and the President, mayors and social thinkers are gravely reviewing all that the government has done in hopes of salvaging big cities.

The big low-income housing gap stares out of the fabric of national urban policy.

No demonstration cities program or new urban housing program is going to mean much unless its starts energetically to plug that gap.

The worst-housed Americans need a program aimed straight at their special problem. If luxury office buildings, college dor-

mitories and high-rent downtown apartments deserve a subsidy, surely decent shelter for low-income people does too.

What is interesting about this is that this paper has actually turned its position, I believe, with regard to urban renewal. They were one of the papers in Cleveland advocating a review in the community at the time the Hough area was going down, down, and down. I have put this in the RECORD since 1963. This was the riot area. They cleared and bulldozed an area out there to provide housing for low-income citizens, and what happened? They changed it to industrial use and concentrated people in further slums. That has been too often the nature of urban renewal.

Unless we take the urban renewal we are using now that is supposed to be concerned with residential uses predominantly and channel it at least for a couple of years in this direction, then what in heaven's name help are we going to get out of this, either out of urban renewal or out of the demonstration cities? What can we expect if demonstration cities can use this as they please and, as they editorialize, without anybody denying it, for further construction, for new roads, and for whatever they please in the cities.

Where does this leave the person who is having the main problem today in the big cities?

Mr. YATES. Mr. Chairman, will the gentleman yield further?

Mr. WIDNALL. I yield further to the gentleman from Illinois.

Mr. YATES. Mr. Chairman, as I understand the intent of the amendment which the gentleman from New Jersey plans to offer, and based upon what the gentleman just said, it is proposed to be addressed to urban renewal areas.

My question was directed to areas that are not urban renewal areas. They are not code enforcement areas which are deteriorating.

How do we protect them?

Mr. Chairman, how do we maintain those areas?

Mr. Chairman, I know that in the congressional district which it is my honor to represent in Chicago—I know this is representative of most of the big cities—when a neighborhood begins to depreciate and deteriorate, private financial institutions turn the seekers of loans with which to correct these conditions elsewhere.

And, Mr. Chairman, it becomes increasingly more difficult to obtain the funds with which to correct these conditions, primarily because the FHA mortgage is not obtainable.

The question, therefore, which I should like the comments of the gentleman from New Jersey [Mr. WIDNALL], upon is directed to that situation; namely, an area which is located in a good area but one which is threatened with blight, but which has not reached the point of becoming an urban renewal area, or a "code" enforcement area.

Yet, Mr. Chairman, we want to protect these areas.

How are we going to do it?

Should there not be a provision contained in this bill designed to make cer-

tain Federal funds available, if private sources will not provide the funds with which to rehabilitate such a neighborhood?

Mr. WIDNALL. Mr. Chairman, I believe the gentleman has a fine idea. But may I say too, the same as I have talked about some of the other things that have been taking place in the last several years—I do think we have to establish priorities as to spending.

Mr. Chairman, in the United States of America right now there are some areas which require a priority listing with respect to urban renewal, these are the hard-core areas which are located in the big cities, areas which represent true slums, areas which have deteriorated, and areas which have caused serious problems with respect thereto.

Mr. Chairman, how can anyone study in a slum with no lights, no sanitary facilities, 8 to 10 persons in a room, no chairs for a family, and all sorts of things like that?

Mr. Chairman, we have got to understand the need involved herein, but we cannot spread it too thin.

Mr. Chairman, it is still my belief that we should concentrate our efforts as proposed to be contained in this bill—

Mr. YATES. Mr. Chairman, if the gentleman will yield further, I agree with what the gentleman said, that our attention must be directed to the areas which the gentleman from New Jersey has described. But, the fact remains that we still want to protect the areas that are threatened with blight, threatened with the situation which the gentleman from New Jersey has described.

How are we to protect them?

Mr. WIDNALL. Mr. Chairman, I will state to the gentleman from Illinois, that I believe a lot of this can be performed initially on the local level.

Mr. YATES. But, Mr. Chairman, if the gentleman will yield further, one cannot obtain private loans from private lenders.

Mr. WIDNALL. We must encourage that participation locally and we must encourage those who live within the cities to create an incentive to improve the properties involved under "code enforcement."

Mr. SCHEUER. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from New York.

Mr. SCHEUER. Mr. Chairman, I believe that my colleague, the gentleman from Illinois [Mr. YATES], is erroneously grouping together the urban renewal program and the code enforcement program.

Mr. Chairman, the fact of the matter is that the code enforcement program is specifically designed to give assistance not to the rockbottom slum areas where you need the bulldozer primarily as a tool with which to correct these situations, but areas that are stable but which are threatened with blight, but which have been saved through the code enforcement program that is currently in Operation HUD, which provides for the protection of those areas which can be

saved, but which areas are threatened with some blight.

Mr. Chairman, under this operation, there is provision for long-term loans, low-interest loans, to individual homeowners that provide for grants of up to \$1,500 to homeowners, provisions that provide grants to cities to provide street lights, repaving, and assistance in the form of grants to sustain certain health standards.

Mr. YATES. Mr. Chairman, I thank the gentleman for pointing out that fact to me. But with these types of programs with reference to urban renewal and with reference to code enforcement both, how could they be consistent?

Mr. SCHEUER. They are different insofar as certain areas of operation are concerned.

Mr. YATES. Well, all right. One is urban renewal and one is code enforcement; they represent different types of areas.

Mr. SCHEUER. Code enforcement is aimed at the stable area which is threatened, but can be saved.

Mr. YATES. That is right, but the fact remains that there are many neighborhoods that do not want to be designated by other people as a "code enforcement neighborhood." They do not like the term being applied to them, but they are deteriorating and perhaps they will change their minds.

Mr. WIDNALL. Mr. Chairman, I would like to say at this point that I have taken more time than I originally intended in this presentation. I would like to conclude by saying that through the years I have worked hard with others of the minority and with the majority members trying to bring out some very meaningful pieces of legislation. I think we have succeeded in many years.

I would like to pay tribute to the other members of the committee on both sides of the aisle for the work that they have done, and the long, arduous hours they have spent in trying to develop the legislation.

In case anybody may think that I am against this as far as cities and urban renewal and the like, let me just say this: that in the legislation that has passed in recent years I believe I have been majorly responsible for the low-interest loans, for the rehabilitation for homes and businesses in urban renewal areas, there is a \$450 million program today in that direction.

I believe New Haven is using this today with great success, and many other cities. The rent certificate plan, which is not the rent supplement plan, the rent certificate plan is, after 1 year of operation, housing thousands of people in the United States, and the applications for help are growing by leaps and bounds. It is a tremendous success, and seems to be very meaningful. Better code enforcement and relocation procedures have been sponsored by me. I sponsored a better break for the exercise of power of property owners who have lost their homes and businesses because of eminent domain. Also, low interest loans for housing, and the low downpayment insured loans for veterans.

I still think that we can do a better job, a far better job next year, by postponing a final decision on the amounts that are involved in the demonstration cities program, and some other parts of this bill.

I urge upon all of the Members, both Democrats and Republicans in this House, to give their full attention to what is in this bill, to the discussion that takes place, and let us come out with a decision that is the very best we can make for the years ahead.

Mr. FARBSTEIN. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman.

Mr. FARBSTEIN. Mr. Chairman, I have been interested in housing for many, many years, for perhaps 30-odd years. But I understand the gentleman's suggestion is to refine this entire legislation to housing of one type or another.

My question goes to the very core, as I see it, of the legislation.

Mr. WIDNALL. Mr. Chairman, will the gentleman permit me to interrupt him at this point?

Mr. FARBSTEIN. Certainly.

Mr. WIDNALL. My suggestion by amendment is to change only the future use of the urban renewal program, the urban renewal program at least for the immediate future, where the residential program is the one that is being considered, or being approved; that there the emphasis be on low- and moderate-income housing.

I believe that is the same thing the gentleman has talked about in previous sessions of the House.

Mr. FARBSTEIN. Yes, except in connection with this bill, as I interpret the demonstration cities phase, is the fact that housing in and of itself is insufficient.

With new housing, whether it be low- or middle-income housing, you need better streets for one; and second, with relation to, piers and ports—and let us take the Port of New York—we have piers there that need to be refurbished and improved so that the people who work on those piers can live near the piers in the neighboring streets, so as to enable them to go to work there.

Also you need new sewage, you need new water facilities. When you build these new buildings, you need new schools. All of these things are combined into one. When you talk about a demonstration city you do not alone mean housing, but you mean all of these other related items that go along with the building of a house.

Mr. WIDNALL. But you do not solve these problems by creating a new program, you give the money to the existing programs, as in the case of water and sewage. You do not start a new program with a new duplicating agency in Washington, doing the same job, bidding for the business with all the municipalities throughout the United States. This does not make sense to me. In that way we end up with nothing but Federal employees.

Mr. FARBSTEIN. But in metropolitan planning or in demonstration cities,

you want to build a city that will coordinate and cover these various items that are required in order to have a city that is complete in all aspects and phases of city life and development. Therefore, not alone do you have new housing but as I said a moment ago, you have to have these correlative necessities that go to make a good city—a city that will be well balanced, a stable city, one that will provide the schools and provide the means of employment and schools so it would then be unnecessary to bus children. In other words, you need all of these other necessary features that go to make for better living.

Mr. WIDNALL. I cannot dispute the gentleman on what he has just said. All that I can dispute with full fervor is the fact that a hope is being held out in this bill, at least by the communications that are coming into the Members of Congress, to every single municipality in the United States from 2,500 population and on up that you do not have to do the job anymore yourself—just sit back there and wait until your turn comes. When will that be I ask?

If you want to see America deteriorate, then do it on that basis that such hopes are being held out to everybody.

I think what we do should be meaningful and that this should be pinpointed and a few cities should be selected to make the demonstration in that way and put enough money in to do it. You know that \$60 million in New York City is probably just going to improve the waterfront in just a few sections of the city and that is one of the things that you are talking about.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman.

Mr. MULTER. I think everyone, both in the Congress as well as outside of the Congress, must agree that the gentleman in the well has always been an ardent supporter of the very basic principle that housing throughout the country must be improved on every level.

However, the colloquy between the gentleman from New Jersey now in the well and the gentleman from New Jersey [Mr. CAHILL] leaves me in somewhat of a quandary. I do not know what it is you intend to recommend. Is the gentleman recommending or saying that he will seek to increase the amount if and when he decides that we should go ahead with a program like this? Shall we increase the amount called for by this bill? Or is the gentleman recommending that the 15 percent limitation per State be eliminated? Or is the gentleman recommending both propositions?

Mr. WIDNALL. I was undecided at first as to the money that was being appropriated in this bill. After giving it a great deal of consideration, I think it would be very wise just to have planning money this time and come back the first of next year and do a better job with a fuller understanding of what we can do.

Mr. MULTER. I think the gentleman used the word "appropriation." Of course, the gentleman realizes that there is no appropriation involved in this bill, but it is an authorization bill.

Mr. WIDNALL. Yes; I understand it is an authorization bill.

Mr. DON H. CLAUSEN. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from California.

Mr. DON H. CLAUSEN. I want to associate myself with the remarks, the exceptionally fine remarks, of the gentleman from New Jersey. As usual he has expressed himself in a manner that gains the respect of all Members of the House.

I would like to make just a couple of comments and possibly ask a question or two.

First of all, one thing that I have become increasingly disturbed about is the fact that a number of people of the cities, we all recognize, have problems.

Some feel that the Federal Government has to solve all of their problems. There are two levels of government and certainly we must be able to do something about solving these problems as well as the private sector.

So I would like to ask the gentleman in the well if he could elaborate on how much attention was given to what the private sector could do in solving some of these problems in the big cities?

Mr. WIDNALL. We had someone, and this is again testimony before the committee, who testified as to what they had done in specific areas through an enterprise program. I do not believe all of the people who represented the cities were fully in accord with what was proposed in the demonstration city bill. I will say we did not have the time to go into a full investigation of what you have just suggested. It might be wise to do this and probably would be wise to do it.

I am sure we would be receptive to any concrete suggestions.

Mr. DON H. CLAUSEN. The reason I ask the question is I wonder if the committee for instance has an overall inventory of the needs in these various cities. All we hear is that they will need \$10 million or \$50 million. Somewhere along the line there has to be something in the way of a coordinated effort to determine the full needs. It seems to me with what we are getting into here, I would be unable to support housing legislation. Coming from a forest products producing industry and area, I always have in the past whenever it has been possible for me to do so.

Again we have to look at the other problems that could be created. It seems as though this legislation, and particularly title I, and more importantly in title II, we are actually creating problems that will be expanding, something like the war on poverty, where the expectations of people are brought to a high level, and you cannot produce because of the overwhelming need and the fact that the Federal Government has some limitations on itself.

Mr. WIDNALL. I thank the gentleman for his contribution.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from Ohio.

Mr. ASHLEY. I wish to inquire of

the gentleman with respect to one or two points that he made.

First, I am interested in the amendment which the gentleman proposes to offer. I would like to make it clear that that amendment, if I understand correctly, does not relate to title I of the bill.

Mr. WIDNALL. I said that it related to title VII.

Mr. ASHLEY. Absolutely, and that is to the section relating to the general urban renewal program. Is that so?

Mr. WIDNALL. That is so. I believe if we are going to make a meaningful attack on the problems of the cities, we have to do so at the same time, it seems to me, through the urban renewal program. There is no excuse for not permitting such a program to go hand in glove and side by side with other programs that concentrate on other needs. I mean those who are attempting to make a real hardnosed attack on the cancerous sores of the big cities that are causing all the problems today, and which we have neglected so long and in so many ways, know that we cannot do this on a part-time basis by developing a new program, and allowing an old program that has proven its value in so many areas and is doing something that is really meaningful for the people that we want to help, to falter.

Urban renewal was not created for the purpose of building high-rise luxury apartments, cultural centers, stadiums, amphitheatres, and all sorts of structures of that kind. But in recent years—and I have the figures from the agency downtown—in the major cities 51 percent to 90 percent of the funds have gone for other than low-income and moderate-income housing.

Mr. ASHLEY. Do I correctly understand that the amendment of the gentleman from New Jersey would provide that where you have an urban renewal project in a residential area—

Mr. WIDNALL. That is correct, for residential purposes.

Mr. ASHLEY. For residential purposes, there would then be required as a condition for approval that there be a substantial number of units of standard housing for low and moderate cost that would serve the poor and those living in slum areas; that is within the project area; is that correct?

Mr. WIDNALL. That is correct, in the project area.

Mr. ASHLEY. I think that is an amendment which is worthy of consideration. I am sorry it was not presented to the committee in that form, because I think it might well have won approval had it been so presented. If I am not mistaken, it was presented but not in that form before the committee. Is my recollection correct?

Mr. WIDNALL. The original one talked about in the committee was not in that form. Then I made an attempt to correct it to satisfy objections that were raised by Congressman REUSS, who I believe is present on the floor at this time, and I hope that this has corrected that objection.

Mr. ASHLEY. The other point I wanted to ask the gentleman about is with regard to comments that have been

made, if not by the gentleman in the well, by those with whom he was having dialog, that this bill holds out hope for cities; if the cities simply sit back believing that all good things will happen to them, the gentleman, who has worked long and hard on the bill, knows that that is not the way of it. Would not the gentleman agree that it has been made abundantly clear that cities in the first instance will have to supply a prospectus, which will be judged with other prospectuses submitted by other cities, before a determination is made as to which cities will even get a portion of the \$12 million first-year planning money?

Mr. WIDNALL. I believe that is true. What you have just said is abundantly true from my own knowledge as to what has been said before the committee. But what has been said from Washington to urge the telegrams, letters, and other things to come in, shows something that is abundantly untrue, because these things have gone out to mayors all over the country urging their support, and I believe even kits have been sent to them showing what is in it for them if they apply in the right way.

Mr. ASHLEY. Would not the gentleman agree that any mayor who took the trouble to read the bill would have a very good and clear idea of the burden that is placed and the initiative and the responsibility that is placed upon the local communities in this demonstration cities program?

Mr. WIDNALL. I would say "Yes." I would also say the same thing otherwise. If the 22 who got in touch with us would read the bill, they would not be as enthusiastic for it as they say in their message to us.

Mr. ASHLEY. Is the gentleman speaking of the 22 top Republican businessmen who support this bill, at least as announced in the New York Times?

Mr. WIDNALL. I did not understand they were Republicans. I remember one, Mr. Watson of IBM, who is a huge contributor to the gentleman's party.

Mr. ASHLEY. Just to our party?

Mr. WIDNALL. I do not know. Some people give to both. I know some others give only to the gentleman's party.

Mr. CAHILL. Mr. Chairman, will the gentleman yield for a question?

Mr. WIDNALL. I yield to my colleague.

Mr. CAHILL. There has been some criticism, perhaps justified, in recent years, the latest of which appeared in the Reader's Digest, to the effect that a great many programs these days are not originated in the legislative sphere of Government but originate with the Executive. I wonder if the gentleman can tell us whether or not the demonstration cities was the brainchild and product of his legislative committee or was something that was the brainchild and product of the executive branch of the Government?

Mr. WIDNALL. As I understand the background of the legislation, it came to us through the executive branch of the Government. It was certainly not something developed originally by our committee or the committee on the Senate side, to the best of my knowledge.

Mr. CAHILL. I thank the gentleman.

(Mr. WIDNALL asked and was given permission to revise and extend his remarks.)

Mr. PATMAN. Mr. Chairman, I yield such time as he may consume to the gentleman from New York [Mr. MULTER].

(Mr. MULTER asked and was given permission to revise and extend his remarks.)

Mr. MULTER. Mr. Chairman, this is a good bill. It deserves our wholehearted support.

The odd thing about this bill is that its biggest trouble seems to be that it is a good idea—not that it is a bad one. That is an interesting way to get into legislative difficulty.

The "trouble" seems to be that the program is so good that many people think it should be much larger, and be backed with more money than the administration has been asking for. They argue that it is a good program, an urgent program, and it should be more fully funded to do the total job that it proposes to do.

As of now, the main thing we are concerned with is getting the program enacted and underway. We must mount this massive attack on the decaying and disadvantaged areas of our cities. We must develop the methods and the means, the new approaches, and the concerted action of all the resources required.

We are not going to do it all at one time. But let us get started. We will talk about expanding the program as our Federal financial situation permits after its value is proven.

Those who oppose this program do not deny that this is a crucial time for the urban areas in which the great majority of our country's people live. At the current population growth, it is estimated that 80 percent of our citizens will live and work in metropolitan areas 35 years from now.

There can be no question of the need to build and plan soundly for future generations.

Let us look at what has been done in the recent past, so that we can see what tools we have and what additional tools we need for removing physical and social decay from our cities.

During the last 30 years the Federal Government has done much in the areas of housing and urban renewal. The Federal Housing Administration has assisted in the purchase of 8 million single-family dwellings, another 6.7 million families were assisted by the Veterans' Administration, some 605,000 families have been moved from decayed dwellings into public housing where they enjoy improved standards of living, far different and much better than the squalid slums in which they formerly lived.

While we can be proud of these accomplishments, we must admit our efforts have not been enough. The surface has been improved but the basic causes of poverty and slums remain.

Even a quick tour of the dilapidated neighborhoods discloses part of the problem. However, only the physical rot can be seen. The other aspects of urban blight—crime, delinquency, disease, lack of community and recreational facilities, unemployment, poor schools, the

transportation problems—are also there with all their human corrosion and despair. These also must be corrected.

A coordinated attack on all these areas through this bill gives new hope and a new tool—a new weapon, if you will—in our war on poverty. The broad attack on the total urban situation under this proposal attacks these interrelated problems.

The wealth of our society has not spread to all. There are 4 million families in our cities who do not have decent housing. There is a great strain on city facilities such as schools and parks, neighborhood centers, sewers—and even water supplies. The metropolitan areas find increasing strain on their budgets.

The enormity of the problem is obvious. It requires an equally large approach as an answer.

There is a definite need to get started in a big way. But there must be an awareness that there is a financial limit to what we can do in any particular time period. The large-scale reclaiming, which must be accomplished, is more than a 1-year or even a 5-year total program.

Nevertheless, we must work with the financial resources we have available. The Vietnam situation is making itself felt in our economy. The inflationary threat is another factor. We can, however, move ahead in a major way if we once get started.

The \$2.3 billion proposed by the President for supplemental demonstration grants would average some \$400 million annually over the first 6 years of the program. This would be in addition to the funds already being channeled into urban programs.

Secretary Weaver has clearly stated that these added funds would not reduce the funds otherwise available for urban renewal, public housing, or other urban aids. They would, in fact, enhance and complement them. They would provide funds for fresh approaches devised by the cities themselves to fill the gaps in existing programs.

No city can lose by this program—many will gain.

As we move forward with the program, the Congress can set such limits on the pace of the effort as it determines to be wise. The Congress can increase funds as it weighs the over-all situation based on both financial conditions and demonstrated needs.

I want to emphasize this is an authorization only. The appropriations must be justified to and approved by the Congress.

The important thing to remember is that it is vital to move forward now. The problems of urban blight and decay do not stand still; they grow. The time to start the attack on them is now with this bill.

It would be illogical to oppose this far-reaching program because some think it is only half a loaf. The funds that would become available under this bill will get the planning of these projects under way. Program funds to execute these plans can be augmented if and when the Congress deems it to be justified.

The rising cost of welfare services, unemployment and crime and declining property values are all of serious concern to all levels of Government—Federal, State, and local.

Cities large and small can participate in the proposed program. The legislation shows an awareness that big cities have no monopoly on blight.

The idea of this approach is a broad-gage attack and includes going after all of the many causes of blight and social failure.

The primary thrust is aimed at the revitalizing of residential neighborhoods. Higher standards of health, community living and education will be brought about. Training will be given those who need it in order to obtain gainful employment.

The Housing and Urban Development Department will be enabled to provide 90 percent of the cost of planning area projects. It will make available grants to meet 80 percent of the administrative costs, and 100 percent of the actual cost of the program activities which are added to on-going Federal aid programs.

This Nation's cities cannot do the job of revitalization alone. Their renewal problems can be worked out only by the concerted use of Federal, State, and local resources, in a combined venture in the spirit of cooperation that President Johnson has called for.

Aid will be given cities of various size in all parts of the country. The knowledge gained from the initial projects will serve as a source from which to draw experience to alleviate problems of the cities engaged in future planning.

It is not enough to recognize the fact of decaying cities. To delay passage until a larger program is budgetarily possible can only result in making more difficult the solution of the problem and in causing greater suffering and misery for millions of Americans.

The central cities are the cores, economically and culturally, of the large metropolitan areas. What they do affects the entire area.

As Secretary Weaver said in testimony before the Subcommittee on Housing of the House Committee on Banking and Currency:

Only with a total commitment of their energies and resources and the desire and will of their people can the American cities stop the deterioration of their physical environment and the social disorientation of large numbers of disadvantaged minority groups concentrated in low-income ghettos.

This bill will not be a substitute for those Federal programs which aid cities now. They will continue, as Secretary Weaver has stated, at their full funded levels. It will aid in coordinating programs, such as urban renewal, mass transit, antipoverty, and health and welfare, for those cities prepared to expand their fields of action.

It will halt the steady reduction of taxable real estate values caused by blight. Attempts by cities to stamp out blight and increase services by themselves are largely self-defeating. Increased local taxes result in an exodus to the suburbs by the more affluent and greater tax bur-

dens on industry cause it to abandon the cities.

This results in the shaping of the city as a residence for those least able to bear the costs of adequate municipal services. It means less income, fewer jobs and more misery.

President Johnson in proposing this legislation said:

We know that cities can stimulate the best in man, and aggravate the worst.

The choice is simple for the Congress—we can choose progress or decay. We can make our cities a testament to our good judgment. Let that judgment be used now, by passage of this bill without any crippling amendments.

Mr. PATMAN. Mr. Chairman, I yield 5 minutes to the gentlewoman from Missouri [Mrs. SULLIVAN].

Mrs. SULLIVAN. Mr. Chairman, the legislation acted upon over the years by the Subcommittee on Housing has made me proud to be a member of that group, but no bill more so than the one now pending before the House containing, under title I, demonstration cities. Our programs in the field of housing and urban development have made a notable contribution to better living conditions as all of us can see in our own hometowns. However, we on the subcommittee know full well that we have not yet found a complete answer to the problems of slum conditions and poverty. If our experience has taught us anything, it is the need for coordinating the many programs which pass through our committee with other Government programs to assure that a complete job is done. If we have the physical rehabilitation of a slum in one part of the city, while another agency is developing an operation Headstart program somewhere else, neither area can obtain the maximum benefit. We cannot expect full value for the dollars spent on education of young children if they must continue to live in squalor nor can we expect full value from the money invested in rehabilitated housing if the people of the neighborhood are still unemployed or the victims of disease. The demonstration cities program will bring these efforts together and I am confident that the experience we are to gain will show us both how to save money in the long run, while at the same time, do a far more effective job of helping the underprivileged.

Mr. Chairman, I regret that there are still those who are seeking to strike the grant money from this title. The bill now before us already represents a substantial reduction from the original administration proposal which had contemplated a total of \$2.3 billion for the demonstration cities program. In the light of recent economic developments and the rising costs of Vietnam, the committee agreed to a reduction of more than half in the dollar authorization. However, it is vital that we keep these funds in the bill. It would be meaningless to vote for a program without indicating our intention to supply the Federal grant money when the cities are ready to use it. In fact, I am confident that this program will fully justify itself

and that further amounts will be authorized by the Congress in the future.

While most of the controversy over this legislation has centered on the demonstration cities program contained in title I, we should not lose sight of the fact that the committee bill extends to nine titles and makes needed improvements in our whole array of housing and urban development laws. I am particularly pleased that the committee accepted an amendment I proposed to allow the use of the existing authorization for 3-percent loan money for homeownership on a trial basis. Under that provision, non-profit corporations would be able to acquire substandard housing in areas which are now blighted, rehabilitate the housing and offer them for sale to low-income families. I know in my own city that this is greatly needed and that plans are well advanced for the use of this authority with every assurance that it will not only benefit those families who can, by this means, achieve the goal of homeownership, but will also revitalize the whole neighborhood for the benefit of others who live there and for the benefit of the city as a whole.

Mr. Chairman, the provisions of the committee bill will benefit every city and town in this country and I urge all of my colleagues to vote for it.

Mr. WIDNALL. Mr. Chairman, at this time I yield 20 minutes to the gentleman from New York [Mr. FINO].

(Mr. FINO asked and was given permission to revise and extend his remarks.)

Mr. FINO. Mr. Chairman, I rise in opposition to the demonstration cities and metropolitan planning bill.

This is the most far-reaching civil rights bill—however carefully disguised—that the White House has ever proposed. Make no mistake about this bill. It talks about cities. It talks about metropolitan area planning. But after all is said and done, this bill is aimed right at the basic fabric of American life. This piece of legislation—this incredible piece of legislation—has been designed to give Housing Secretary Weaver and U.S. Education Commissioner Howe power to draw up a new kind of guidelines to control American metropolitan housing, educational, and living patterns. Through these proposed guidelines, the planners downtown want to reshape this Nation.

If you are in favor of killing the American concept of the neighborhood school, then vote for this bill.

If you want rent supplement housing in every suburb throughout America, then vote for this bill.

If you want scattered-site public housing in every residential neighborhood, then vote for this bill.

If you want Secretary Weaver drawing up civil rights and open housing ordinances in every American city, then vote for this bill.

If you want suburban real property tax structures redesigned to pay for slum schools, then vote for this bill.

If you want zoning and housing code decisions dictated by Washington social

planners, then, by all means, vote for this bill.

Vote for this bill if you think State, city, and county governments are part of a vanishing way of life.

Vote for this bill if you want to put Education Commissioner Howe and Secretary Weaver at the head of the table in every city hall and board of education in this Nation.

But if you are tired of social planners, tired of Howe and Weaver with their talk of racial balance here, racial balance there, racial balance everywhere, then vote against this bill. Vote against this bill if you believe in the neighborhood school. Vote against this bill if you believe in localities having a right to draw up their own civil rights ordinances. Vote against this bill if you think that the time has come to draw the line and stand up to black power.

Yes—black power. I do not make this accusation lightly. This program is a tool of black power. Even the Washington Post has said so. On August 28, a Post reporter, Nicholas Von Hoffman—and I understand he is no conservative—wrote a long and thoughtful article on the failure of Federal programs in San Francisco. In doing his research, Mr. Von Hoffman talked with a Mr. Herman, the San Francisco City Redevelopment Director. Let me read you what Mr. Herman said, and also Mr. Von Hoffman's comments. All this is from the Washington Post of August 28, the year of our Lord, 1966. And I am quoting:

"This is perhaps the first time in the history of our country that the federal government has decided to finance open and overt revolution," Herman declared on a recent visit to Hunters Point. Herman is dicker-ing with the local black power structure over who will control the demonstration cities program to be put into Hunters Point if Congress completes action on the bill that would bring into existence yet one more system of coordination.

I do not doubt for 1 minute that black power all over the country is looking with gleeful anticipation for the day when black power can feed off demonstration cities money. On Tuesday, I wrote to President Johnson and asked him to withdraw his support from demonstration cities, except for planning funds, until such time as the House Un-American Activities Committee, in its forthcoming riot investigation, or the Justice Department, has time to check fully and make sure that black power is not going to ride the demonstration cities gravy train.

I can just imagine what kind of city demonstrations black power has in mind. They will demonstrate how to burn down shops and loot liquor stores. They will demonstrate how to throw Molotov cocktails at police cars. As for cultural activities, probably they will follow in the footsteps of the Black Arts Repertory Theater in New York City, which got some of Sargent Shriver's carefully administered poverty dollars. Last spring, police raided the Black Arts Theater and found a black nationalist arsenal of shotguns, crossbows, and meatcleavers.

Oh, yes, I can imagine the kind of demonstration program black power has in mind. Demonstration conflagration. Demonstration incineration.

I think that we in Congress owe a great debt of gratitude to the Washington Post for exposing the plans of black power. When you consider that the Post article telling us about how black power planned to use demonstration cities appeared on August 28, it is too bad that the Post editorial of October 4 saying that demonstration cities had nothing to do with civil rights was so badly researched. Actually, in one way or another, the Post has been very helpful in bringing out the truth about this bill.

Now, I would like to turn to the specifics of this legislation. This bill is an incredible power grab. I strongly urge you to read it carefully. Because of time, I am only going to concern myself with the first two titles—"Demonstration Cities" and "Metropolitan Planning."

Let me begin with the "demonstration cities" title. The idea of this program is to coordinate all Federal aid programs within a city and demonstrate the progress that can be made by such an integrated approach. In some ways this does not sound like a bad idea. On top of the coordination, the Federal Government is going to pick up an increased percentage of the cost of federally aided projects. This is the candy or the incentive cities are to be given. The Federal bonus money is being dangled to get the cities to play ball. You know and I know that our cities need money so badly that they will agree to almost anything. Besides, our American cities do not really understand the strings that are attached to this money. Those strings are a mile long if you read the bill carefully.

Section 103 of the "demonstration cities" title spells out what our cities will have to agree to in order to get on the demonstration bandwagon.

Listen on section 103(2). Twice in that paragraph, the bill talks about providing "educational services for the disadvantaged" or reducing "educational disadvantages." I have to laugh when I think of the Washington Post editorial that said the demonstration cities program has "nothing to do with schools." Education is also mentioned in sections 101, 103(3), and 105. I am only referring to where it is mentioned by name.

What do you think Secretary Weaver means by "educational services for the disadvantaged?" Do you think he means low water fountains for short children? I have the feeling that Secretary Weaver thinks a lot like U.S. education Commissioner Harold Howe. I mentioned a list of his ideas last week during the busing debate on the school aid bill, I will mention them again.

Let me mention a list of 15 proposals to serve the "educationally disadvantaged" which appeared in the proposed 1967 equal educational opportunity legislation. The list is very interesting. It

tells us what the administration has in mind for demonstration cities. Here are the key programs: school rezoning, textbook revision, pairing or clustering of schools, busing, educational parks, open enrollment, pressure on parochial schools, suburban-inner city pupil exchange.

At this point, I would like to remind the Members of this House that Education Commissioner Howe can already use Federal funds for all kinds of schemes like pupil exchanges, racial rezoning, textbook revision, busing, educational parks and the like. He can give the States money for such experiments under either title I or title III of the Elementary and Secondary Education Act of 1965.

Now, Mr. Chairman, think about this for a moment. Commissioner Howe can give Federal money for busing, pairing, school district rezoning, and all the other racial balance plans if the city in question asks for it. Along comes the demonstration cities program. What does it do? It says this: The Federal Government will raise the ante for highways, transportation, and so forth, providing that the city comes up with a plan that proposes programs to serve the "educationally disadvantaged." In other words, the demonstration cities program is going to be used to make cities ask for money for the busing, pairing, and other schemes which are supposed to be voluntary. As you can see, this bill is going to make busing, pairing, educational parks, textbook revision, and school redistricting about as voluntary as getting up in the morning.

Let us make no mistake about it.

If you vote for this scheme, you are voting for forced—I repeat forced—school busing, pairing, and redistricting. There is nothing you can do to stop it short of killing the program. The whole concept of both title I and title II of this bill is to use Federal bribes in sewer, highway, transportation, and similar programs as part of a package to force cities to plan housing and schools the Weaver-Howe way. Do you like this? I certainly do not.

Lest you have any doubt that education planning is a required condition of participation in the demonstration cities program, listen to what Dr. Weaver himself told our Housing Subcommittee.

There has been mention made time and time again in newspaper articles that I have been talking through my hat. Well, let us read what Mr. Weaver himself told us and this is the testimony he gave before our subcommittee. Many of us have forgotten it because that was back in February.

This is what he said:

The general criteria for a comprehensive city demonstration program require that the program must provide for educational and social services necessary to serve the poor and disadvantaged in the area.

There is no getting around this one. Dr. Weaver has let the cat out of the bag.

When the omnibus bill was before the Banking and Currency Committee in September, I offered an amendment to prohibit busing of students. The social planners downtown, and they had great influence, told the committee that there was no civil rights in the bill, and so the committee turned down my amendment. Now when I look back on this, I must admit that my amendment was no good. No amendment that prohibits the Federal Government from requiring busing is going to work. Why? Because the Federal Government—that is Drs. Howe and Weaver—is going to use a package of Federal aid bonuses to force our cities to draw up plans for busing educational parks and pairing. Then Drs. Howe and Weaver will smile and say “thank you for volunteering.”

So no busing amendment will work. Not only will it not stop busing, but it would not stop pairing, educational parks, school redistricting and all the other schemes in Dr. Howe's “Equal Educational Opportunity Act.” Now that I know about the proposed bill, I know that no mere amendment will work. Only by torpedoing these coercive bonus aid packages will we stop the Government from forcing cities to suggest busing and school rezoning plans of their own.

Let us take section 103(4) of the bill. It says that a demonstration application must show that “substantive laws, regulations and other requirements are, or may be expected to be, consistent with the objectives of the program.” In other words, no American city that does not have an open occupancy statute need apply for demonstration city status. Not unless they want Secretary Weaver to draw up a local fair housing ordinance for them. I support fair housing, but I do not want Secretary Weaver drawing up the local laws. Do you?

You may think I am being unfair to the Secretary. Let me quote his own words. On page 45 of the Housing Subcommittee hearings, Dr. Weaver said:

The physical rebuilding and restoration of our cities should be accompanied by appropriate actions to narrow the housing gap between the poor and disadvantaged and the rest of the community. Nondiscrimination in any housing assisted under a demonstration program is a legal requirement. In some cities, however, the mere requirement of nondiscrimination will not be sufficient to resolve the manifold problems to which rigid, and often longstanding, patterns of housing segregation have given rise. More affirmative action is needed to eliminate these patterns to reduce the squalid concentrations of racial minorities and the economically deprived, and to assure that equal opportunity in the choice of housing will in fact be available to people of every race and income.

It sounds to me like Dr. Weaver has some tough criteria in mind. He has also implied that he will force demonstration cities to redraw their housing codes, zoning codes and tax structures.

Listen to what he says:

Even though a city demonstration program meets the statutory criteria described, other actions may be expected of the city if new Federal aids are to be provided under this legislation. Consideration will be given to the extent and nature of purely local ac-

tions which encourage more rational and efficient urban development. In preparing their demonstration programs, cities will have to—

First, examine their substantive laws to determine the extent to which those laws impede substantial progress in carrying out their demonstration programs and to take appropriate action, if necessary, to make those laws consistent with the objectives of their programs.

In many localities, the structure of real estate taxes, inadequate and often obsolete housing codes and zoning laws, and artificial restraints on building practices retard the prompt and proper development of the city's physical characteristics. Stimulating local efforts to remove these restrictions can be one of the major benefits of the city demonstration program.

Imagine this. Bragging that “stimulating local governments to change” laws to suit Dr. Weaver can be “one of the major benefits of the city demonstration program.”

I imagine that you realize that housing planning is also part of this program. Besides “demonstration racial balance in the schools,” we are also going to have “demonstration rent supplements” and so forth. Dr. Weaver has talked about how rent supplement housing will be pushed under demonstration cities. He mentioned this specifically in his speech before the Americans for Democratic Action convention in Cleveland this past April.

I urge you to support the amendment which will be offered to cut the demonstration cities program back to planning funds for 1967 only.

This will give us time to plan, as the gentleman from New Jersey [Mr. WIDNALL] indicated, a more positive approach. It will give us time to make sure that none of this money is going to black power to fund a demonstration rioting program, as suggested by the Washington Post article.

I would also like to mention briefly the hypocrisy of this administration's efforts to cope with the urban problem. If Senator RIBICOFF is correct, some \$96 billion has been spent on Federal aid programs in urban areas during the last 10 years. Now who are they kidding when they say that \$1 billion in 2 years is going to save our cities? This \$1 billion, in my opinion, is a needless expenditure. It is waste. It is really designed for two purposes: first, to buy Federal control over the cities, and second, if I am to believe the Washington Post, to give working capital to black power.

Now let us turn to the metro planning title of the bill.

At the risk of repeating what many of you already know, I am going to explain the way the metro mechanism works. I find it hard to believe that the social planners even had the nerve to propose this to Congress.

Let us start with section 204 of the bill. This section requires all metropolitan areas of this country to set up a metro planning agency. I call it a metro government. Read the section yourselves. First, Secretary Weaver defines the metropolitan area, and then the metropolitan area sets up a metro government. The reason for this metro gov-

ernment is twofold—first, it is to plan the location, scheduling and financing of all publicly assisted facilities in the metropolitan area; and second, it is to recommend or not recommend all local Federal aid applications on the basis of conformity to federally dictated facilities planning. I do not believe this House will stomach this. For my part, I find the proposal most incredible.

To recapitulate, section 204 calls for the metro government, and requires all local Federal aid applications to be submitted to the metro government for clearance. Then section 205 tells how the metro government will plan the location and financing of every kind of meaningful public facility in the entire metropolitan area—from housing to airports to schools. Section 205 also tells how Federal money will be used for the planning, just in case anybody gets any ideas that local autonomy exists.

Mr. Chairman, these metro governments are going to be L.B.J.'s local field headquarters. He and Dr. Weaver will run the country through these metro governments.

The CHAIRMAN. The time of the gentleman from New York has expired.

The Chair might point out that the gentlemen from New Jersey has consumed now 85 minutes, and the gentleman from Texas has consumed only 18 minutes. This may not impress the gentleman, but it impresses the Chair.

Mr. WIDNALL. Mr. Chairman, may I answer the Chair by saying there are some people here who really would like to speak on this legislation as fully as possible. I do not want to deny them—and I am sure no other Member of the House wants to deny them—that opportunity.

I do not understand why the other side does not have more who are interested in speaking on this very important legislation.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman.

Mr. BARRETT. I believe we ought to give the gentleman another 5 minutes.

Mr. WIDNALL. I yield the gentleman another 10 minutes.

The CHAIRMAN. The gentleman from New York is recognized for an additional 10 minutes.

Mr. FINO. Mr. Chairman, I should like to repeat that, because it sounds so very nice.

These metro governments are going to be L.B.J.'s local field headquarters. He and Dr. Weaver will run the country through these metro governments. Forget about States. Only the people who make roadmaps will care about States. Governors and mayors will give way to Federal commissars. Local tax boards of assessors might as well fold up. The metro government will control the tax structure. The citizens of a suburb will have their taxes raised to pay for an educational park to be built to serve a slum and suburban mixture. If you do not believe me, read section 205, and think about what the language means—“location, scheduling and financing of any publicly assisted facility.”

As I mentioned earlier, any community in the metropolitan area will be required to make application for Federal aid through the metro government when it applies for aid in 10 programs, ranging from sewer aid to highway aid. Read section 204. It tells how the metro government will judge these requests on the basis of conformity to its metrowide planning. In other words, if Scarsdale or Winnetka, Beverly Hills, or Cedarhurst do not plan their schools and housing to conform with the way the social planners want to spread the inhabitants of the central city around the suburbs, then they will not get sewer money—they will not get highway money. The whole key to the metro concept is that it uses a metropolitanwide aid package to control suburban planning. There is nothing you can do to make it safe.

I think it is interesting to talk about the origins of this tricky little scheme. According to L.B.J.—and for the benefit of those who do not know what L.B.J. stands for, that is the President, Lyndon B. Johnson—according to L.B.J., it was drawn up by some blueribbon panel. A question was asked earlier here about who prepared this legislation. I will assure you of one thing. We did not prepare it. The President told us it was prepared and drawn by some blueribbon panel, but that is not the way the tricky language was drawn up. Not at all. The principal architects of this bill—not the committee, because I am a member of this committee and all of these gentlemen on the floor are, most of them, members of the committee—we got the bill. This bill was prepared by the social planners of Washington. The principal architects of this bill are Secretary Weaver, and two of his aids, Under Secretary Wood, from the Massachusetts Institute of Technology, and Assistant Secretary Haar, from the Harvard Law School. Three very smart men.

This bill was designed with tender loving care to be all but unreadable, and the slickest part of all is the metro title. It is more confusing than the catacombs. It was designed to sneak through a rubberstamp Congress unread, unfathomed, and unquestioned.

I should add at this point that the way the metro government allegedly induces acceptance of its planning is by giving out bonus grants. This everybody admits. Plan the Federal way and you get a bonus grant. What they do not admit is the other side of the coin. If you do not plan the Federal way, if you do not follow their advice and suggestions and adopt them, you just lose the bonus and you get nothing. Not only that, not only do you lose the bonus, but you also lose the Federal aid which ordinarily would have come to you if we did not have this mess in front of us.

Obviously, you have to conform to metro planning to get any Federal grant. Who seriously expects anything else from Harold Howe, the U.S. Commissioner of Education, and Robert Weaver, the Secretary of the Department of Housing and Urban Development, and their new artificial integration zebra-colored guidelines for America?

Mr. Chairman, during the course of my fight against this bill, I have been smeared—by the Washington Post, for example. It has been implied that I am against civil rights. This is an unfortunate thing. I have supported all civil rights measures, including this year's open housing.

What I am against is something that has gone too far—privileges, not rights. And what is worse, a kind of privilege that threatens to undermine the American social and political fabric of local government and neighborhood schools. The time has come to draw the line. I do not mind being the one to try and draw it.

Let me return to the metro title again. Think about what metro means. It means that metro governments will be planning housing, local financing, and education, to say nothing of zoning and housing codes for the whole metropolitan area. They will use this power to plan educational facilities mixing the slums and suburbs at the expense of the suburbs. They will use this power to put rent supplement housing in communities that now have an option to refuse it. This will undermine the Appropriations Committee's local option rider to keep rent supplement housing from being forced on suburbs. Dr. Weaver has said that both housing and relocation must be planned metrowide.

If you have any doubts about metrowide school planning, let me take care of those doubts. The language of the bill provides that all publicly assisted facilities, whether or not federally assisted must be dealt with in metro planning. This clearly includes schools. They are publicly assisted facilities. Even parochial schools will have to clear their location with the metro government. I would imagine, if they get Federal or State help for libraries and laboratory equipment. That would make them publicly assisted facilities. You may have wondered why our Nation's parochial schools were influenced to conduct a nationwide racial census. Now you know.

I can well understand why Dr. Weaver does not want to discuss the educational planning that would come under metro. But he did let the cat out of the bag before our committee. On pages 52–53 of the hearings, he said, in a statement, that education was one of the things that had to be planned on a metropolitan areawide basis before bonus grants would be given.

The Office of Education has been even more blunt. In the Equal Educational Opportunity Act, the planners talk about educational parks being an important part of metropolitanwide planning. They specifically refer to the metro title of the bill before us.

Harold Howe, the Commissioner of Education, has been quite outspoken about metro school planning. Back in May, he said that the new Department of Housing and Urban Development was a "new Federal tool to help education in the attack on de facto segregation." Presumably, he meant this bill. According to the Washington Post, Howe said in a recent speech:

Altering political boundaries or consolidating the educational facilities of a large city would involve major organizational changes—major educational surgery. But I believe that major surgery is required if we are to liberate the children of the slums.

These are Howe's words.

I hope the Members of this House will take Mr. Howe seriously. He means all this about educational surgery to liberate the children of the slums.

Let me read you another Howe quote:

Traditional school boundaries often serve education badly and may have to be changed. New York and New Jersey surrendered state prerogatives to the Port of New York Authority in the interests of improved transportation. If we can make such concessions for transportation, I suggest we can make them for education. We could, for example, alter political boundaries to bring the social, economic and intellectual strengths of the suburbs to bear on the problem of city schools.

As you will note, the Commissioner is just crazy about the metro school idea. You can be sure he will use metro planning to the hilt.

When he testified before the Rules Committee 2 weeks ago, he admitted that his office was studying a lot of plans like rezoning, educational parks, pupil exchange, busing, and so forth.

Then he admitted that the metro planning title of this bill would give communities a real incentive—an understatement if I ever heard one—an incentive plan education on a metrowide basis.

This June, the metro idea was praised by a White House conference including the headmen of all the black power organizations. Let me quote the Washington Post—that great source of information—on why the omnibus housing bill is a big piece of trickery.

Here are the words of the Post:

Essentially, the idea is that the federal government must provide the lever for Negroes to crack the suburbs.

The way to do it? Put all the federal funds for housing, school, anti-poverty programs into one bag. To get the money, local officials would be required to draw up plans on a metropolitanwide basis.

Suburbs would be asked to build scattered low-income housing and work out area-wide plans for school integration.

This is a quote from the July 3 Washington Post article on the White House Conference "To Fulfill These Rights." This conference was attended by the black power leaders of SNICK and CORE, including Floyd McKissack and John Lewis, the predecessor of Stokely Carmichael. The metro idea comes highly recommended. Black power is all for it.

At the proper time, I am going to offer an amendment to kill the metro title. I understand that a secret fan of the metro plan will offer an antibusing amendment to try and undermine my amendment to strike. This antibusing amendment will be a joke. I offered an antibusing amendment in committee, and the administration said it was not relevant. I have come to agree. An antibusing amendment is pointless. It does not do anything. Federal dollars are not to be directly used for educa-

tional scheming. Federal funds in other programs are going to be used to bribe—or effectively coerce—local communities to set up busing schemes or educational parks, via the metro mechanism. I thought an amendment might work before I discovered the truth about metro and about the "Equal Educational Opportunity Act." Now I know that no amendment can clean up metro. The social planners' ambitions for it are just too great.

The whole metro idea pivots on a metrogovernment armed with planning power and the ability to block Federal aid from going to any community that does not subscribe to Federal metroplanning standards. How can you clean up something like that? It is like a rotten tree. You do not bother pruning limbs. You chop it down. That is the only way to deal with metro. Chop it down. If this title is enacted, you will quickly see metrowide school and housing plans being drawn up, which communities will have to accept or else lose Federal aid in a lot of airports and sewer programs.

This we do not need. We do not need metro. As a matter of fact, there is not much of this bill we do need. I would like to close by briefly noting section 911 of this bill. Secretary Weaver and his friends call it the "urban environmental studies" section. You really ought to read this one. It lets Dr. Weaver send teams of experts into urban areas at fees of \$100 per day per person. I imagine the type consultants the Secretary will send in will have good backgrounds in politics. Who knows? They may be doing district profiles for congressional candidates.

So I hope that you will add this boondoggle to the list of programs in this bill that should be scrapped. There are many. Title I, title II, title IV—the \$100-per-day snoopers—all of this. Read the bill carefully. Then you will know why I am opposed to it.

(Mr. MINISH asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. MINISH. Mr. Chairman, I rise to support the demonstration cities and metropolitan development legislation now before us.

Not even a nation as rich as the United States of America can afford the cost of maintaining the blight which scars our urban centers.

Not even a nation as rich as we can afford the burden of millions upon millions of hopeless, jobless, untrained, bitter citizens, who live in our cities' centers.

Not even a nation that has produced entire new technologies, almost at the snap of finger, can hope to stumble its way into providing for the enormous urban growth which will come to pass in the next 30 years.

History judges the nations of the past by their cities—and indeed—it does so today.

By such a yardstick, our cities give us a sorry measure.

Our cities represent an incomprehensibly astronomical investment—three centuries of money and dreams, of the

hopes and toil of millions of people have gone into their building.

Yet—today—over the face of the land—those cities are blighted at their cores, and ringed in by wildweed growths of suburbs.

Our cities are our vital aortas, and we must realize that practically every single large city in the land may quite literally burst wide open, and place our national health in jeopardy.

The cities of my State are a case in point.

In Newark and Trenton, substandard housing represent 8 percent of available units.

In Jersey City almost 15 percent of our total occupied housing is substandard.

These cities are vital to the well-being of New Jersey. Yet, in each of them, we wrestle with the problems of central blight and slums, with angry and discontented people and with the compounding problems of an uncoordinated suburban growth.

To solve our problems, we must have Federal help. Neither the State nor the cities concerned can pay for tackling the total problem, in all of its related aspects.

This State of affairs did not come into being overnight.

Our urban dislocations—and the dislocation of the people who live in these areas—have grown progressively worse for the past 50 years.

We have not kept pace with urban needs. Good intentions and piecemeal efforts have been inadequate. Now we are being called upon to pay the piper.

We must take whatever steps are necessary to provide for a rational and related urban growth, that will meet our present and future urban needs.

Our slums, and the people in them, must be helped now. Our area planners need help in coordinating the growth of our suburbs. And—without any further delay—we must begin to build the urban facilities which will be needed by the additional 100 million people who will live in our metropolitan centers within the next 30 years.

Now, let me comment about money.

The subcommittee has cut this demonstration city budget to a bare \$900 million, and has recommended that the program operate for a 2-year period.

I would have preferred that the budget not have been cut at all, and that the program should have been granted the 6-year life proposed in the original bill.

Skimpy as the budget is to the total need, it will enable a reasonable start on the job at hand.

It does provide reasonable time for those cities who will require its assistance to develop their plans and to enlist the supports they must have to put their programs into being.

I consider it obvious that we cannot continue to rely on our one-problem, one-solution approach to the intricacies of urban growth. The sad conditions of our cities today is proof that this method is appallingly inadequate.

For the first time in my experience, we have been given an urban assistance bill which provides for programs that will en-

able our cities to grasp their total problem, in a related and cogent fashion to assess that problem in all of its aspects; and, to plan and program for its solution, with the full sweep of existing grant-in-aid programs upon which to draw.

This bill provides for the coordinate and compact use of already tested methods. In the main, it will use moneys already funded. It provides solid protection against wasteful overlaps in time, energy, and money.

This is crucial legislation—a vigorous, new approach to problems now nationwide—too long ignored by us and by our cities.

Neither a community or a nation can isolate itself. What is good or bad for individuals or groups is good or bad for the society they compose.

Passage of this act will be a positive step toward the prosperous, democratic and peaceful great society we all desire. To deny it, would be a backward and a disastrous step in a forward-moving age.

It seems to me to be a most reasonable program for attacking our city problems. Therefore, I urge its speedy passage.

Mr. PATMAN. Mr. Chairman, I desire to yield to the fine, able, and distinguished gentleman from Pennsylvania, the gentleman who is chairman of the Subcommittee on Housing of the Committee on Banking and Currency. He is entitled to more credit for this bill than any other Member of the House.

I yield to the Honorable BILL BARRETT of Pennsylvania 20 minutes.

Mr. BARRETT. Mr. Chairman, I am going to take this opportunity to pay my respects to the minority leader here of the committee, Congressman WIDNALL, and I certainly want to thank my very dear and close friend, BILL CAHILL, for the comments that these gentlemen made here this afternoon.

I am quite an admirer of the gentleman who just preceded me. I do want to make an open confession because I am not as wealthy as either one of these three gentlemen, but there is one thing I have, and I have in abundance, and that is love and affection for each of them. This, of course, would never change, regardless of any debate in which we entered.

So I want to say my love and affection is very deep for the previous speaker, because in my remarks I may not altogether agree with what the gentleman has said.

Mr. Chairman, the demonstration cities program is one of the most crucial and critical proposals ever laid before the Congress. I have lived and breathed and slept with this great bill for 10 long and arduous months. The Housing Subcommittee and the full Banking and Currency Committee have devoted a tremendous amount of time to this legislation because we recognize that it offers a ray of hope for the critical problems which confront urban America.

This is a big bill with many important provisions but I am going to talk about the heart of the bill.

Title I, the demonstration cities program, recognizes what all of us on this

floor know. We know that existing Federal aid programs, however successful they may have been in solving specific problems, have not fully come to grips with the grave problems of our cities. This bill seeks to provide the answer. While on the surface the demonstration cities proposal seems to be a complex idea, its concept is essentially simple and straightforward. It tells the cities of our land, both large and small, that they will have very substantial Federal aid in helping them to rebuild and rehabilitate their blighted and rundown areas. It will give them the means, not only for physical rejuvenation, but also for the social and human rehabilitation of large slum neighborhoods.

Here is how it would work. Once an area to be rehabilitated has been selected by local government—and let me emphasize by local and not the Federal Government—a demonstration cities program would use the whole array of existing Federal programs, such as urban renewal, water and sewer, mass transit, vocational training, and war on poverty programs. And then, in addition to those aids, the Department of Housing and Urban Development would be authorized to make an additional grant to the city to be used for any worthwhile program in connection with the demonstration project. This supplemental grant could be used either for entirely new projects which receive no other Federal assistance or could be used to help meet the city's share of regular Federal projects. In effect, Mr. Chairman, it would give our cities and towns the financial muscle to do everything possible to rehabilitate these areas and to improve the environment and the life of the people who live there.

The administration originally proposed a 5-year program calling for \$2.3 billion in supplemental demonstration cities grant funds. The Senate-passed bill contemplates a 2-year program and authorizes \$900 million. And that is what our committee adopted in the bill before us.

In this fiscal year, as well as in the next, the bill would authorize \$12 million to get our cities and towns to begin the necessary planning. The first actual grant authorization would be \$400 million next fiscal year and \$500 million in fiscal 1969. Thus, the immediate budget impact would be only the first year's \$12 million planning.

Because some people feared that the demonstration cities program would drain funds away from the existing urban renewal authorization, our bill provides an additional \$250 million in urban renewal grant funds to be used for projects included in the demonstration cities program.

Mr. Chairman, this is a compassionate and imaginative new program. I know firsthand the problems of the disadvantaged people in our cities and our colleagues know of the despair and misery which they must undergo in their daily life. The demonstration cities proposal is the branch of hope which we can offer to them. It is a program of unlimited potential for good. I pray that the over-

whelming majority of our colleagues on both sides of the aisle will recognize that it is our duty to send this great legislative proposal to the President so that he can put it to work toward the salvation of our cities and the people who live in them.

As a supplement to the demonstration cities program, the bill contains in title II a new incentive supplemental grant program to help our cities and suburbs cope with the growth pains which are afflicting our rapidly expanding metropolitan areas. Mr. Chairman, all of our colleagues know that because of overlapping jurisdictions and the complexity of local problems, that the growth of our metropolitan areas is far from orderly. And we know further that our metropolitan areas are finding extreme difficulty in supplying the facilities needed by rapidly growing communities.

Put simply, title II would give supplemental grants up to 20 percent of the cost on top of existing Federal grant programs for water and sewer systems, airports, transportation, open space programs and the like. It would offer these grants to encourage intelligent and rational metropolitan planning and development so that all local jurisdictions would benefit. This title would not affect any of the existing programs; it would simply add the 20-percent grant incentive on top of them if the metropolitan area met the planning standards in the title.

Mr. Chairman, for reasons I find hard to understand, there are those who oppose this essential new program. But, Mr. Chairman, they do not oppose it on its merits. They do not argue that this type of aid is not desperately needed by our metropolitan areas. They attempt to confuse the issue by implying that somehow, this new Federal aid would be used to bludgeon cities into busing schoolchildren or into the arbitrary redrawing of school districts.

Mr. Chairman, I submit this as one of the reddest herrings ever dragged in the path of a legislative proposal. There is nothing in this program that has anything remotely to do with the busing of schoolchildren. There is nothing remotely in the bill that requires any community to abandon or alter the school system or to redraw the boundary of its school districts. There is nothing in the bill that requires any community to take any action concerning racial balance or racial imbalance in its schools.

Mr. Chairman, this is a false issue raised with the single purpose of defeating the program and I ask my colleagues not to be deceived.

There are other very important and desirable provisions in the bill before us. I will not discuss them in detail. They are all clearly described in the committee report and will be developed in the subsequent debate. You will become thoroughly familiar with them and their merits.

Mr. Chairman, this is a great bill and one in keeping with the exciting challenges of our time. Our cities and towns need this legislation desperately. They need it not only to cope with their present critical situation, but also to

prepare them for the accelerated urban growth which lies ahead. It will produce better housing, better cities and suburbs, and more basically—better citizens and a better America. Let us send it to the President without delay.

Mr. PATMAN. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. REUSS].

(Mr. REUSS asked and was given permission to revise and extend his remarks.)

Mr. REUSS. Mr. Chairman, this bill tries to come to grips with the appalling problems of our cities. The demonstration cities title would provide the incentive to our cities to rebuild and restore entire neighborhoods of slum and blight. The metropolitan planning title would aid States and localities to provide metropolitanwide comprehensive planning. The new towns title would extend FHA insurance to land developers willing to create whole new communities.

I would have hoped that this dynamic attack on the problems of our cities could have had bipartisan support. But as the debate so far shows, the Democrats are for the bill, the Republicans against. I am old-fashioned enough, however, to believe that floor debate can persuade, and change a nay vote into a yea vote. So, as I turn to the minority side, I try to find words so eloquent that they will change men's minds. I think I have found such words.

Listen to this description of the need for the pending bill:

The cities of America are faced with a major crisis. Crime is increasing. The slums and blighted areas demand immediate attention. Public transportation must be expanded and improved and, all too often, the educational and social services have not kept pace with the growing population. At the same time, the taxes collected by the cities have proved inadequate as urban blight has struck at the property tax base. And many in the upper and middle-income groups who formerly provided leadership and stability have moved to the suburbs, leaving behind those most in need of public services and least able to afford the taxes to support those services.

Could we find a better description of the basic needs of our cities?

Now let us look at the specific problem of our slums at which the demonstration cities program is aimed:

The hard core of present-day poverty consists of city people who dwell outside our affluent, high-education society. Compared to them, the unemployed coal miners in the hollows of West Virginia or the submarginal farmers of Appalachia are a mopping-up operation.

And now some eloquent words which point the need for metropolitan planning:

The Metropolitan issues will not disappear, they will only intensify. If they look impossibly complicated today, and we fail to do something about them, they will look far worse next year. We cannot turn away from them.

If a political party wishes to stay in the game of politics, it must tackle the public problems affecting the most persons. And those problems, today and tomorrow, are centered in the American metropolis.

And finally, here's the case for new towns, succinctly put:

The buildup of suburban areas continues unabated. This is where the majority of American voters—particularly the young ones—expect to live. Thus it is a better answer to plan and develop whole communities—new towns—shaped, defined, protected, and served by systems of transportation over which people easily flow to their multiple destinations.

Have I been as eloquent as I hoped to be? Have I helped to sway Republican votes? I would have been proud to have written these words, but they are not mine. The first quotation is from the House Republican policy committee, issued just the other day. And the rest of the quotations are from the Senate Republican policy committee, put into the CONGRESSIONAL RECORD last August 29 by no less than the senior Senator from Iowa [Mr. HICKENLOOPER].

So I say to the minority, would not you reconsider your opposition? Would not you ponder your own words? Would not you cast a vote for this bill to attack the problems of our cities? Who will be the first convert? Who will make this decision, and declare himself?

Mr. MOORHEAD. Mr. Chairman, will the gentleman yield?

Mr. REUSS. I yield to my colleague from Pennsylvania.

Mr. MOORHEAD. Would the gentleman repeat the source of those quotations? I was listening with great attention to the words he said, but I could not believe what he said as to the authorship of them.

Mr. REUSS. They are beautiful words, wonderful words, and they all came from the Senate and House Republican Committees. In fact, when Senator HICKENLOOPER inserted them on August 29 into the CONGRESSIONAL RECORD he said:

This statement is as beneficial, I believe, to the Democrats as it is to the Republicans.

May I say, never were truer words spoken. So I say to the minority, will you not reconsider your opposition? Will you not ponder the words you have heard and perhaps cast a vote for this bill? If there is a convert on the minority side, I will be delighted to yield to him if he wants to make his decision and declare himself right now.

Hearing none, Mr. Chairman, I now yield to my colleague from New York [Mr. SCHEUER].

Mr. SCHEUER. Mr. Chairman, I would like to ask my distinguished colleague from Wisconsin whether, in view of the deep interest that this Congress has taken in the field of urban environment and design as exemplified in the provisions of the Elementary and Secondary Education Act mandating excellence of architecture and design in all federally assisted school construction, and the Arts and Humanities Act providing for planning studies on the urban environment and the urban plan, and the Highway Beautification Act, this bill before us has anything to say about the excellence of design in the urban environment?

Mr. REUSS. It says, I am glad to answer the gentleman from New York, a great deal about design. The demonstration cities title, section 103(b)(3), re-

quires that the Secretary encourage demonstration projects to help neighborhoods apply a high standard of design. The metropolitan planning section and new towns section also require good design, and section 911, which is the urban environmental studies research section, also stresses design concepts. So you might say that the idea of design is written throughout the entire bill.

Mr. SCHEUER. Do these sections you have referred to, or other language in the bill, refer only to new programs prospectively, or do they apply to the current housing programs that are now in existence? In other words, is there anything that Congress can do to stimulate better design and higher quality in our urban environment, both as to current, and new, programs?

Mr. REUSS. I think the provisions I have just read apply not only to prospective programs but to the existing programs, such as public housing, moderate income housing and urban renewal, now on our books, and the purpose, as I have said, is to encourage excellence in architecture and design across the board in all of our housing programs.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. REUSS. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. Is the gentleman not pointing out a special design in the demonstration city for low and moderate and higher-level income housing, housing in the housing structure in order to take care of everyone?

Mr. REUSS. Mr. Chairman, I would agree with the distinguished gentleman from Pennsylvania [Mr. BARRETT]. In fact, all of our experience over the years has indicated that buildings and projects which conform to good architectural design, are the easiest and most economical to maintain.

And, incidentally, in the case of housing developments and schools, good design results in a markedly lower rate of vandalism. I would say good design applies throughout the entire spectrum of city development.

Mr. SCHEUER. Mr. Chairman, will the gentleman yield further?

Mr. REUSS. I yield further to the gentleman from New York.

Mr. SCHEUER. Is it the intent of Congress that all housing and urban renewal programs, both those currently in effect and those prospectively to come into being, will stress quality and excellence in architecture and design?

Mr. REUSS. I believe the gentleman from New York is exactly right. I believe that the General Accounting Office has been mistaken in its criticism of design, where particular projects were built within cost limitations established by Congress.

I recall, for instance, a case out in Marin City, Calif. where one housing project won several national design awards but was criticized by the GAO, also projects in Tennessee and in Hawaii, where the GAO criticized the projects, because they included screening of garbage cans with cinderblock construction, even though all of these projects were

well within applicable Federal cost limitations.

Mr. Chairman, this seemed to me to miss the entire point, especially with reference to a low-income project where garbage would be screened through a low-cost camouflage system, which it seems to me is better economy in the long run.

Mr. Chairman, that is the general concept which is written into this bill.

Mr. SCHEUER. Mr. Chairman, if the gentleman will yield further, on the question of good design and amenities, would it be the intent of this Congress that officials of HUD and the General Accounting Office should actually encourage local housing authorities and private developers of moderate income housing, along with their architects, to use all possible ingenuity, resourcefulness and inventiveness to achieve excellence of architecture design, and amenities, so long as the housing is constructed within the appropriate federally established cost limitations?

Mr. REUSS. It is certainly the intention of the committee insofar as I can determine, and we would expect the executive branch to follow out the general philosophy expressed therein.

Mr. SCHEUER. In other words, it would be the congressional intent that all housing built with Federal assistance should provide not only good shelter for the people living there, but also a positive environmental influence upon the surrounding neighborhood, the kind of influence stemming from fine architecture and design, exciting in form and color, that will fortify and support the local tax values as well as local neighborhood attractiveness and stability so that this would represent good economics as well as good environmental planning and design?

Mr. REUSS. Mr. Chairman, I agree with the gentleman from New York.

Mr. SCHEUER. I thank my distinguished colleague from Wisconsin, for yielding.

Mr. FRASER. Mr. Chairman, will the gentleman yield?

Mr. REUSS. I yield to the gentleman from Minnesota.

Mr. FRASER. Mr. Chairman, I want to say to the gentleman from Wisconsin [Mr. REUSS], that I heard the latter part of the gentleman's statement and I want to commend him for it. I believe the gentleman was bringing to the attention of the committee the fact that statements that have been made by our Republican colleagues and I feel that this represents a very useful contribution. Mr. Chairman, I was out of the Chamber briefly earlier, and I did not know if the gentleman from Wisconsin had had an opportunity to react to many of the comments made by the gentleman from New York [Mr. FINO].

But I want to say to the gentleman from Wisconsin, and then ask a question, that I tried to follow the statement of the gentleman from New York.

I have listened to the gentleman's statement on the floor, and I have looked at the various sections of the bill to which the gentleman has referred, and

I have been not only unable to find anything in there to sustain the claim of the gentleman from New York [Mr. FINO], that there was some kind of plan of forced integration involved in or implied in this legislation.

As I again look at these sections it seems to me that what is being asked is that the communities make an effort to improve educational services to the poor. I cannot conceive of a more worthy objective. I wonder if the gentleman has any opinion as to how the racial issue comes to be injected in this discussion of the bill at this time, when a reading of the bill, even while following the statements of the gentleman from New York, did not seem to sustain any of the claims which he makes.

Mr. REUSS. I agree with the gentleman. I read the bill closely and participated in its formulation, and there is not a syllable or a half syllable in the bill which gives any justification whatever for the contention that the Federal Administrator under the bill could impose any requirement of busing. Where the gentleman from New York received that idea I cannot imagine. Maybe somebody told him it was an omnibus bill, and that somehow led him into this busing fixation.

But you can read the bill from one end to the other and there is not a suggestion anywhere that any such power would be given to the Administrator.

I will state here now, without any equivocation whatever, that this bill does not permit the Secretary of HUD or any other Federal official to condition his aid under the bill upon whether or not the community indulges in busing. Equally, if within the free decision of a local community, the community takes steps to achieve a fair and fuller integration of its students, this, of course, in no way disadvantages the city. But the subject of busing and other methods of school integration is completely absent from the bill.

Mr. FRASER. Mr. Chairman, if the gentleman will yield further?

Mr. REUSS. I yield to the gentleman.

Mr. FRASER. As I understand it, then, the individual local community has complete freedom in attempting to improve the level of education for its children. It is my impression that this is the same purpose that we sought to obtain in other legislation which this body has passed.

I wonder if the gentleman cares to speculate on why there has been this effort made to inject the racial issue into the consideration of this bill? I can conceive of two reasons, one is that there is belief among some people and politicians that there is a so-called backlash attitude which they might take advantage of, and were looking for a vehicle in which to sponsor the issue. Or it may be that they thought by attaching the racial issue to this bill they could defeat the bill, because that was their primary objective, rather than simply attempt to create a political issue, perhaps?

Mr. REUSS. I am prohibited by the rules of this House, and by my own delicacy, from indulging in that kind of speculation.

Mr. FRASER. I thank the gentleman. I am glad that he can support my impression of the bill that this was entirely a phoney issue that has been injected.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. PATMAN. Mr. Chairman, I yield 2 additional minutes to the gentleman from Wisconsin.

Mr. SCHEUER. Mr. Chairman, will the gentleman yield for a unanimous consent request?

Mr. REUSS. I yield to the gentleman.

Mr. SCHEUER. Some moments ago our colleague from New York made reference to a charge against the redevelopment director of the city of San Francisco, Mr. Justin Herman. I have known Mr. Herman professionally over a period of almost 15 years. I find it inconceivable that he could have been involved in the kind of activity which was depicted. He is a wise, prudent, thoughtful and moderate individual. I find the charges totally incredible on their face transparently unworthy of belief. I submit for the RECORD at this point a telegram from Mr. Herman to HUD Secretary Robert C. Weaver.

The material referred to follows:

SAN FRANCISCO, CALIF.,

October 15, 1966.

Dr. ROBERT C. WEAVER,
Secretary, Department of Housing and Urban
Development, Washington, D.C.:

Charges by Nicholas Von Hoffman in the Washington Post of August 28, 1966, that I am dickering with black power to see who will control the demonstration cities program are absolutely without foundation. Mr. Von Hoffman's attributing the constructive work now going on collaboratively between the residents of the Hunters Point area and this agency as negotiations for control are so ridiculous as to be humorous if they were not dealing with the lives and welfare of responsible citizens of Hunters Point who want to change their area from a bitter slum into a decent community for themselves and their children. These people believe in the renewal efforts that are started and they have spoken out for the larger benefits of the demonstration cities program.

They are not negotiating with me for any so-called control nor are they establishing any conditions in their collaborative work as to the control of the demonstration cities program as it may emerge after congressional action. The Hunters Point group who are working with us and also supporting demonstration cities are made of both Negro and white leaders. If there are any quote black power unquote advocates in this group they have certainly been successful in hiding that fact. Further, I am certain that the attitude of the group is that it is unfortunate that the demonstration cities program cannot be realized sooner and on a broader basis than is likely to be the case.

M. JUSTIN HERMAN,
Executive Director.

Mr. BROCK. Mr. Chairman, will the gentleman yield?

Mr. REUSS. I yield to the gentleman from Tennessee.

Mr. BROCK. Mr. Chairman, I might point out, when we are talking about education, and the points that the gentleman raised here, that Secretary Weaver testified before the committee as to the planned program, that the plan of action included education. And when Commissioner Howe was before the committee he testified as follows:

Mr. ANDERSON. Would you concede, Mr. Howe, that the language of this metro planning title—and I assume that you are familiar with it—would you concede that the language of that title and the goals that have been outlined by Secretary Weaver with respect to this bill are very similar to some remarks that are published as having been made by you in a speech at Columbia University? I think that was on the 3d of May of this year?

Let me quote just a couple of sentences from that speech. In that speech—at least as I have it recorded—you said that—

"The busing of pupils to create racial balance is highly controversial, but must be conceded to be helpful in some situations."

And then to quote a little further from the speech you said that—

"The pending programs for the future should be planned so that new schools break up rather than continue segregation. The Office of Education will provide Federal planning funds for such efforts right now and if I have my say about it we will provide construction funds before long—"

And then I call your particular attention to this sentence:

"Moreover, with the creation of the new Department of Housing and Urban Development, there is a new Federal tool to help education in the attack on de facto segregation."

Those were quotes from the speech which you made at Columbia. Wouldn't you agree that the section of this bill that I have just referred to and your thoughts as I have read them here are pretty much in harmony?

Mr. HOWE. I certainly would agree.

Mr. REUSS. Let me answer that one, because this needs to be nailed down now once and for all.

Of course, the bill before us contains the word "education." Of course, in the planning of any city demonstration project, we would want and we would expect the local people to take into account the fact that there are kids in these slum areas, and that the kids ought to go to school, and that they plan good schools for them. But that has nothing to do with bussing or integration or anything of the sort.

All that Mr. Weaver is saying is that educational planning is a part of total planning. Now who can object to that?

As for Mr. Howe, he was not a witness before our committee, and I have been hearing hearsay on hearsay on hearsay about what Mr. Howe said. But what he said relates not to this bill, but to some gleam in somebody's eye about some bill that someday might come before this House. When it does, then we can debate, with relevance to the matter then under discussion, this issue of bussing. But it has no part in the debate today.

Mr. BROCK. I might point out that he was specifically asked about this metro title of this particular bill.

Mr. REUSS. Yes, on the hypothesis that we had in existence a law to compel bussing. If we had in existence a law compelling bussing, then I suppose that could be part of the demonstration city program. But the short answer is: We do not have a law compelling bussing.

The CHAIRMAN. The time of the gentleman has expired.

(Mr. FEIGHAN asked and was given permission to revise and extend his remarks.)

Mr. FEIGHAN. Mr. Chairman, no problem facing the American people today has greater magnitude and impor-

tance than the question of what can be done to save our great cities from deterioration and decay.

Our problem is not only to level eye sore slums with bulldozers, but to provide decent and pleasant surroundings in which our people can live, work, and raise their families.

People are the heart of the urban renewal program.

Any fair-minded observer must admit, a lot of people have been and are being pushed around by the urban renewal policies being pursued in many cities, including my home city of Cleveland.

Thomas Edison, the great inventor who was born at Milan, Ohio, not very far from Cleveland, had a favorite expression. "There's a better way," he would say. "Find it."

There are better ways to revitalize our great cities and cut away the cancerous decay which is now rotting many major areas.

It is the duty of Congress, as well as the administration and the mayors and city councils of the affected communities to seek and find those better ways.

In such a quest, I have endeavored to make a personal study of the urban renewal problem in Cleveland.

This study is being made at my own expense, at no cost to the taxpayers.

Some of the results thus far have astounded me. I sincerely believe that they will amaze the Members of this House, as well as the people of Cleveland and the Nation.

I had hoped to present my report to this House before the final vote on the demonstration cities bill.

Unfortunately, this is not possible. My report will not be ready for presentation for at least 2 or 3 more weeks.

However, I do not wish to delay action on the demonstration cities bill, of which I am a cosponsor.

But I want the record to show that I do not consider this bill the final answer to the huge problem of saving America's cities.

I believe that my report, when presented, will identify certain new directions in which our urban renewal program should be turned—directions which will bring more concern about the welfare and fair treatment of human beings than about buildings.

After this report is completed and made public, I believe that it will become the basis for new legislation that will bring new hope and a brighter future for our cities and for the million of people who live in them.

I will vote "yes" on this demonstration cities bill, which is one of the cornerstones of President Johnson's domestic program.

It is a measure that will accomplish much good.

However, I wish to be recorded as stating that this bill is not the final and complete answer to the problem. To paraphrase Thomas Edison: There is a better way, and we must keep searching until we find it.

Mr. PATMAN. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. ASHLEY].

Mr. ASHLEY. Mr. Chairman, I of course rise in support of this very important legislation that is under consideration today.

Happily, Mr. Chairman, there appears to be no great amount of controversy with respect to the need for this legislation.

The organizations which favor the demonstration cities program, organizations that are concerned exclusively with the problems of our American cities, include the following:

The U.S. Conference of Mayors, the National Urban League, National League of Cities, National Housing Conference, National Governors' Council, National Association of Social Workers, National Association of Housing and Redevelopment Officials,

National Association of Home Builders, National Association of County Officials, American Public Health Association, American Institute of Planners, American Institute of Architects.

I might say, Mr. Chairman, this is a capsulized list of the scores of organizations throughout the country that have indicated their favor and approval of the demonstration city program.

I was interested in the comments of the gentleman from Wisconsin [Mr. REUSS] and the excellent quotation that he cited from the Republican Policy Committee statement on Demonstration Cities and Metropolitan Development Act of 1966, which was issued on September 28.

The first sentences of that statement certainly would indicate, not only recognition of the need but approval of the kind of program that we have before us at this time.

The first sentence of that statement reads as follows:

The cities of America are faced with a major crisis, crime is increasing, slums and blighted areas demand immediate attention.

Let us stop there for a moment. What is meant by "immediate attention"? I submit that the majority of the members of the Subcommittee on Housing and the Committee on Banking and Currency have made it clear by the legislation before us what they believe to be "immediate attention." The Republicans, unfortunately, mean something else.

In the concluding paragraph of the Republican policy statement we find them saying this:

Every nonessential spending request must be reduced or deleted in its entirety. The authorizations requested for this program—

Meaning the demonstration city program—

With the exception of the planning funds, should be deferred.

Is this kind of statement, this insistence upon deferring, to be equated with the statement in the opening paragraph, the glittering statement, the glittering demand for "immediate attention"?

I think we must recognize that they are, from one side of their mouths, saying to the American people, "We recognize your need. We know that it requires immediate attention."

But then later, as usual, as always, they are saying, "No, we really can't do it now. We've got to wait. You've got to wait."

Mr. Chairman, I would like to take just a moment to go into the content of the bill before us. Inquiries have been raised as to what exactly constitutes a demonstration cities program. What are the requirements?

If we look carefully at the report, we find that a demonstration cities program must meet five basic requirements:

First, the physical and social problems in the area of the city covered by the program have to be such that a comprehensive demonstration cities program is necessary to improve the physical environment, increase the supply of adequate housing, about which there has been much comment, adequate housing for low- and moderate-income people, and provide educational and social services vital to the public health and welfare.

Is that an unreasonable requirement, Mr. Chairman? I think not.

Second, the demonstration program must be of sufficient magnitude: to make a substantial impact on the social and physical problems and to remove or arrest blight and decay in entire sections or neighborhoods; to contribute to the sound development of the entire city; to make marked progress in reducing social and educational disadvantages, ill health, underemployment, and enforced idleness; and to provide educational, health, and social services necessary to serve the poor and disadvantaged in the area, widespread citizen participation in the program, maximum employment opportunities for residents of the area in all phases of the program, and enlarged opportunities for work and training.

Mr. Chairman, the third requirement is that the program, including rebuilding or restoration, must contribute to a well-balanced city with a substantial increase in the supply of standard housing of low and moderate cost, maximum opportunities in the choice of housing accommodations for all citizens of all income levels, adequate public facilities—including those needed for education, health and social services, recreation, and transportation—commercial facilities adequate to serve the residential areas, and ease of access between the residential areas and centers of employment.

The fourth requirement is that a city's program must be more than a statement of goals. It must be a definite plan of action. Projects and activities to be undertaken must be scheduled and ready for initiation within a reasonably short period of time.

In addition, the criteria require that the local governing body—and this is important—be a part of the program. It has been said, Mr. Chairman, that this is a federally imposed program. Nothing could be further from the truth. It is a local undertaking, locally planned and locally implemented. Naturally, there must be adequate local resources available for completion of the program and the local agencies whose cooperation is necessary for the success of the integrated, cooperative program must have indicated their intent to furnish such cooperation.

There must, also naturally enough, be administrative machinery available, and

there must be a showing of this in the plans submitted by the local planning group in its application for funds.

So, Mr. Chairman, these essentially are the requirements of the program so far as the local community is concerned. This is the content of the program.

We hear opposition. Apparently it is directed to the cost of this program. We all understand, certainly, that our economy is under pressure at this time. If it were not under pressure we would not, by any stretch of the imagination, have delayed the program 1 year, which is in effect what we have done.

What we have said is that in the first year there will be no funds for implementation of the program other than \$12 million in planning grants. It is not until fiscal year 1968 that there will be any funds available for actually carrying out the program.

Of the \$400 million that is to be appropriated in the fiscal year 1968 we can be certain that only a small percent actually will affect our economy.

Mr. FRASER. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Minnesota.

Mr. FRASER. I listened with interest to the gentleman's description of the funding arrangements under this bill. I had had the impression, from reading the bill, that perhaps that was some value in not putting in a large fund for a year, so that plans could go forward, that there was some value in allowing time for planning before money would become available to fund the operative program which might follow as result of the planning.

As I gather from what the gentleman says, in any event, because of other problems we face, such as the Vietnam war and so on, by voting for this bill at least we will not be adding substantially to the level of appropriations required for fiscal year 1967.

Mr. ASHLEY. Yes.

There were two reasons. The first is that most cities, as the gentleman from Minnesota pointed out, will require a period of time to put together a prospectus which, if favorably approved by the Department, would result in a planning grant.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. PATMAN. Mr. Chairman, I yield the gentleman 4 additional minutes.

Mr. ASHLEY. So the committee felt that the first year would not be wasted if the time were spent by communities in formulating their plans.

At the same time, however, it was made clear to us that there are cities, such as Detroit and Philadelphia and a number of other cities, which so manage their urban affairs and their plans and programming that they are all but prepared at this very moment to go forward.

It was felt by the committee that because of the pressure of our economic circumstances at the present time and in order to establish uniformity, it would be better to allow 1 year planning through the fiscal year 1967.

Mr. FRASER. I thank the gentleman. Mr. RESNICK. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from New York.

Mr. RESNICK. I thank the gentleman for yielding.

I should like at this point for this committee to know that I represent a rural area, one of the oldest areas in the United States, the Hudson Valley, which was settled in the 1600's. Our cities are decaying. Even though it is a rural area, we understand the need for demonstration cities.

I should like to read a letter I received from the city of Poughkeepsie, from the mayor of that city. He says:

OCTOBER 7, 1966.

DEAR CONGRESSMAN RESNICK: I understand that the Demonstration City legislation will soon be before the House of Representatives for action.

Poughkeepsie is an old city, as you know, and our Urban Renewal Department is working diligently to overcome our many problems. The Urban Renewal program offers the hope of the future for cities such as Poughkeepsie.

You, of course, know that I was elected on the Republican ticket, and that our party has a majority in the Common Council. We have, however, with the fine cooperation of the minority members, and, with your invaluable interest and assistance, developed a coordinated, bi-partisan program to accomplish what is best for our City.

Poughkeepsie is anxious to be considered for the high honor of becoming a Demonstration City. With the assistance of this program, and our own determination I am certain that we will transform our city into the vibrant community it must become to meet the demand of the future.

I know that you will support this program, and I hope that you will use this letter to gain additional support.

With kindest personal regards, I remain,
Sincerely,

RICHARD W. MITCHELL,
Mayor.

I should just like to point out that this demonstration cities program is wanted by all types of cities, under Republican administrations as well as Democratic administrations.

Mr. BROCK. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman.

Mr. BROCK. Would the gentleman give me a fair estimate of the odds against getting Poughkeepsie into the demonstration cities program?

Mr. ASHLEY. No, the gentleman would not want to answer the gentleman's question.

Mr. BROCK. Would the gentleman admit that they would be substantial?

Mr. ASHLEY. I will tell you in all truth—and this is what I was going to get to, I will say to my friend—I would find it difficult to believe that the Department in reviewing the plans would, for political considerations, pass over a plan which was truly excellent. I would have to say that to the gentleman. If there were two of equal excellence, then I am not at all certain what other factors might enter into the decision.

Mr. BROCK. I thank the gentleman.

Mr. ASHLEY. Now I would like to conclude, if I might, Mr. Chairman.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. Yes. I yield to the gentleman.

Mr. MULTER. I would like to call the attention of the Committee of the Whole to the fact that Poughkeepsie is a city of 35,000 people. Knowing how the housing authorities both of the State of New York are operated as well as those of the various localities, I am sure Poughkeepsie could qualify under this bill if it is enacted.

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. PATMAN. Mr. Chairman, I yield 1 additional minute to the gentleman from Ohio.

Mr. ASHLEY. Mr. Chairman, to conclude I would like to stress a final point, and that is with respect to local initiative. Local initiative is written throughout this entire measure. There is no persuasion and there is no force on the part of the Federal Government with respect to the demonstration cities program. Cities must be interested in participating. There must be local approval for the planning funds, there must be local implementation, there must be approval on the part of the governing body at each step before the city can go ahead. Nobody is forcing anybody to do anything. The program is no more than an effort for the first time to do what the gentleman from New Jersey [Mr. WIDNALL], has been expressing such hope for in years past; namely, to realize the full hope of our urban renewal program. That hope has not been realized and the reason why it has not is that there has been too great an emphasis on physical rehabilitation and too little recognition of the necessity of combining physical rehabilitation with social rehabilitation. That is what this bill seeks to accomplish, Mr. Chairman.

Mr. PATMAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan [Mr. FARNUM].

(Mr. FARNUM asked and was given permission to revise and extend his remarks.)

Mr. FARNUM. Mr. Chairman, I rise in support of this bill.

I want to give title II of this bill my unqualified support. And I want to tell my distinguished colleagues why.

We have arrived at a crucial juncture in the efforts that the towns, cities, and States of this Nation have been making to understand and to cope with the problems of accelerating urban growth. For a dozen years, since the Housing Act of 1954 provided the first Federal assistance for planning activities, we have seen the steady expansion and refinement of planning programs throughout the country.

Many of these planning activities have been undertaken in response to Federal planning requirements. These requirements are intended to bring about more effective coordination among public works construction programs, such as the Federal-aid interstate highway program, which involve major expenditures

of Federal funds. Still other planning activities have been undertaken by voluntary associations and confederations of elected officials of local governments, who have recognized their metropolitan areas as the primary frame of reference for studying and dealing with an increasing number of their common problems.

We too must recognize this evidence that citizens of our major cities are beginning to understand more and more that the metropolitan area is becoming the working unit for the planning and construction of many of their needed systems of facilities. They now know that metropolitan area coordination of some facilities can be more economical to governments already pressed to meet the demands of intensifying urbanization, and they know that collaboration in such planning can serve their mutual interests and need not result in sacrifice of local authority and initiative.

We need to take advantage of the fact that community of interest in major facilities, ranging from major recreational facilities to highways and mass transportation systems, can serve to unite the creative skills and energies of local governments in collaborative planning and development.

So far, however, most of the actual results of our metropolitan planning activities have been to explore and define the nature of our metropolitan development problems. These plans express the hopes and ambitions—the aspirations—of the cities in the metropolitan areas. They have begun to plan coherently for the development of more than one system of facilities at a time.

It is time now to move in a broad front to apply the technical findings that have emerged from these fundamental planning efforts. This is really the most difficult part of the process of translating public policy into coordinated public and private development activities. Special incentives will be needed to encourage units of local government to take this additional step and realize the potential public benefits of the metropolitan analysis and planning work they have begun.

Title II of the bill before us provides these incentives through supplementary grants for well-coordinated metropolitan planning and programming. It is a logical and indeed an essential addition to the Federal pattern of response to the growing demand for focusing the forces of public and private development in our urbanizing areas in more meaningful ways.

President Johnson put it very well in his message transmitting this legislation to the Congress. He said that these carefully developed plans were all too often "neglected documents." Title II will remove this aura of neglect from development plans, and the result will be a positive step toward a material improvement in the quality of our environment.

This country needs title II. We must give it our resounding approval.

Mr. PATMAN. Mr. Chairman, I yield 7 minutes to the gentleman from Pennsylvania [Mr. MOORHEAD].

(Mr. MOORHEAD asked and was given permission to revise and extend his remarks.)

Mr. MOORHEAD. Mr. Chairman, I rise in support of this legislation, and I particularly wish to associate myself with the concluding remarks of the gentleman from Ohio [Mr. ASHLEY], who talked about urban renewal being expanded in this legislation to include people.

Mr. Chairman, an ancient Greek historian, Thucydides, once said that—

It is men who may a city, not walls or ships.

And, Mr. Chairman, William Shakespeare said:

What is the city, but the people?

Mr. Chairman, the significant thing about this demonstration city title is that it recognizes this ancient concept.

Mr. Chairman, what are the problems of the city but the problems of the people, and who is to solve the problems of the people, if the people themselves do not solve them?

Mr. Chairman, the legislation which we are considering today is designed to help the people of our cities, cities of all sizes, to solve their problems themselves.

Mr. Chairman, urban renewal has been for too long exclusively a bricks and mortar program. Today we are talking about more than physical renewal. We are talking about the renewal of the people who live in these neighborhoods.

Mr. Chairman, if we turn to section 101 which appears on page 35 of the bill, we see the nine purposes as to the legislation contained in the bill. The primary purpose of the bill is placed upon people focus.

The first one is to rebuild and revitalize large slum and blighted areas, and that is a large program.

But, the second one is to expand housing, job and income opportunities.

The third one is to reduce dependence on welfare payments.

The fourth one is to improve educational facilities and programs.

And, Mr. Chairman, let me say that when we improve the educational facilities in one of these slum areas, we reduce the pressure for busing. So that I say to the Members of the Committee of the Whole House on the State of the Union, Mr. Chairman, that this bill will not promote busing, but will actually do the opposite.

Mr. Chairman, the fifth purpose of the bill is to combat disease and ill health.

The sixth purpose of the bill is to reduce the incidence of crime and delinquency.

The seventh purpose of the bill is to enhance recreational and cultural opportunities.

The eighth purpose of the bill is to establish better access between homes and jobs.

The ninth purpose of the bill, and a vital one which really sums all of it up, is to improve living conditions for the people who live in such areas, who live in slum areas.

Obviously, Mr. Chairman, the amount of money authorized under this legislation is not sufficient to cope with the

immensity of the problems which face our cities.

Mr. Chairman, we heard testimony before our committee from at least two big city mayors who said their own cities alone could use far more than the total amount of this bill.

Mr. Chairman, the key word contained in this legislation is "Demonstration."

Mr. Chairman, rather than sit back and wait for our urban problems to overwhelm us, we would use this approach to see if the problems can be solved by this method. We would hope to "demonstrate" that we can.

Mr. Chairman, the challenge of urban problems cannot be avoided. It is too late too look the other way. It is a national problem which can only be solved by the creative partnership of all our people as represented at all levels of our government.

Mr. Chairman, this task cannot be laid aside for a while, while other reforms and other wars are won.

It must be tackled now.

Mr. Chairman, my own city, the city of Pittsburgh, is a "city reborn," because its leaders approached some of its problems with the imagination and resourcefulness contemplated in this legislation. No longer do disastrous floods pour into the heart of the city. No longer does smog hang over Pittsburgh. And, we have rebuilt entire sections of our downtown city. But, as we in Pittsburgh know, the problem of urban decay in our cities—large, medium, and small—is so great today that it cannot be solved by our cities alone.

They need help, and each city's problems add up to one great national problem, which can only be dealt with on a national scale with the Federal Government in partnership with State and local communities.

As Thucydides wrote, "It is men who make a city," it is also men who can remake a city and permit it to soar to the greatness of which our society is capable.

Mr. Chairman, I yield back the balance of my time.

Mr. BARRETT. Mr. Chairman, I yield to the gentleman from Rhode Island [Mr. ST GERMAIN].

Mr. ST GERMAIN. Mr. Chairman, I rise in support of the legislation.

[Mr. ST GERMAIN addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. ST GERMAIN asked and was given permission to revise and extend his remarks.)

Mr. PATMAN. Mr. Chairman, we yield to the minority side.

Mr. BROCK. Mr. Chairman, I yield 10 minutes to the gentlewoman from New Jersey [Mrs. DWYER].

(Mrs. DWYER asked and was given permission to revise and extend her remarks.)

Mrs. DWYER. Mr. Chairman, I shall be as brief as possible in these introductory remarks on the housing legislation before us because I intended to develop my position on specific amendments which I shall offer at an appropriate time.

At present, Mr. Chairman, I number myself among the undecided on this bill—undecided, that is, as to how I shall vote on final passage. As a member of the subcommittee and the full committee which considered the legislation, I know what I like about it and what I dislike. There is a good deal of both. My final position, therefore, will be determined by the amendments which the House accepts or rejects.

This is a significant bill, Mr. Chairman. It deserves its reputation as the most important item in the President's domestic legislative program. For it would deal directly with developments that are changing the shape, for better or worse, of American life: the increasing flow of population to urban and suburban areas, the physical and social decline of older central cities, the widening division of outlook and interest between city and suburb, the growing shortage of housing for people of low and moderate incomes, the increasing restlessness and sense of deprivation on the part of those forced to live in slum areas and the growing violence such conditions have bred.

The bill deals with these conditions, but does it do so in a truly constructive, responsible, and effective way? It is not enough to have an attractive title on a bill, a good concept, or a noble purpose. The legislation must be so drawn as to give promise of making an effective impact on the realities of the problem. We must know what we are doing. And we must do it right. These are basic considerations. However lofty our purpose, it can become a tragic and disillusioning waste of time and money and idealism and humanity if we fail to do the hard, detailed planning and figuring which can make a program successful.

The present bill is most attractive in concept. The idea, for example, of mobilizing Federal, State, and local resources, public and private, in a concentrated effort to improve the physical and social environment of a presently slum neighborhood is undoubtedly the right approach. But I am not convinced the Government has yet mastered the implications of the demonstration cities program, or that it has geared itself to the unprecedented need for interagency coordination on a vastly comprehensive scale, or that it has thought through some of the specific problems that are likely to emerge. Certainly, nothing in the hearings indicated to me that the Department of Housing and Urban Development is prepared to undertake a 2-year commitment of nearly a billion dollars.

As I suggested during the hearings and in my individual views in the committee report, I believe the House has two sound and responsible alternatives at hand. We can either limit the authorization to a small number of demonstration projects—say a half dozen cities of varying sizes—and see how the program develops before committing ourselves all the way. Or we can limit the authorization to planning money, and invite the Department to return in 6 or 8 months with the detailed, practical plans for implementing the program. The Department

itself concedes it must devote its first year exclusively to planning. So we would not be delaying or impeding the program by adopting this alternative approach.

The so-called "new towns" provision of the bill raises questions. Again, I recognize the need to provide for the orderly and planned development of new communities. We have seen too much of the unplanned, unattractive growth of population as it spreads helter-skelter through our diminishing countryside. We must, however, assure ourselves that a "new towns" program will be more than an expensive subsidy to underwrite the activities of land speculators and developers and we must guarantee that such a program does not simply add to the problems of cities by encouraging a further drain of their middle-income families.

I reserve my strongest criticism, Mr. Chairman, for section 701 of title VII, a provision which would destroy much of what the urban renewal program is designed to accomplish, a provision which would skyrocket the cost of urban renewal by billions of dollars, and a provision which would severely handicap the demonstration cities program.

I have detailed many of my objections to this section, Mr. Chairman, in a letter to each of our colleagues which they will find on their desks today. And I shall develop these objections when I offer an amendment, at the appropriate time to strike section 701 from the bill. For the present, let me assure our colleagues that section 701 is equally objectionable whether they support the demonstration cities program or oppose it, that my amendment is nonpartisan and is designed to save the urban renewal program, and that the Secretary of Housing and Urban Development shares my opposition to section 701.

At this point in my remarks, Mr. Chairman, I include the text of my letter to our colleagues in the RECORD:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., October 12, 1966.

DEAR COLLEAGUE: Whether you support S. 3708, the Housing and Urban Development Act of 1966, or the Demonstration Cities and Metropolitan Development bill, or whether you oppose it, I believe you will find that section 701 of the committee-reported bill is dangerous, costly and otherwise extremely objectionable.

At the appropriate time, I intend to offer an amendment to strike section 701 for the following reasons:

It would radically change the character of the urban renewal program—and without benefit of hearings, consideration or discussion in the House.

It would involve additional billions of subsidy, which I would estimate at \$2 billion or more, for public projects which do not qualify for grant-in-aid credit and are not directly related to urban renewal.

It would generate local demands for a proportionate increase in capital grant funds to the point where Congress would be forced either to expand greatly the extent of the present urban renewal program or allow cities which otherwise qualify for urban renewal assistance to go without.

It would distort the basic purpose of urban renewal from satisfying the priority need to eliminate blight and build badly

needed low- and moderate-income housing to primary emphasis on commercial redevelopment.

It would seriously handicap, if not defeat the objective, of the demonstration cities program.

Section 701 would do these things by requiring the Government to provide a non-cash grant-in-aid-credit against the local share of urban renewal costs for 25 percent of the cost of constructing public facilities for cultural, exhibition, civic and municipal purposes.

The practical effect of this section would be to invite the more than 800 communities having active urban renewal projects to take advantage of this opportunity to raid the Treasury and undermine the purpose of urban renewal.

These are strong words and harsh criticism, but they are shared by no less an authority than the Secretary of Housing and Urban Development.

In his letter to Chairman PATMAN of the Banking and Currency Committee, in which he supported my opposition to the 52 special non-cash grant-in-aid exceptions (subsequently struck from the bill by the committee), Secretary Weaver condemned these special credits, or subsidies, "in the strongest possible terms." He said they would have a "devastating" effect on the urban renewal program, make it "completely unmanageable," and bring the program to a halt. He also said the projects would "cripple" the demonstration cities program and "dissipates" funds Congress has authorized to fight slums and blight.

If 52 projects would have had such a destructive impact, one can only imagine the harm that would be done if more than 800 cities utilized this very same kind of subsidy—even at the reduced rate of 25 percent.

In reply to my letter requesting his views on this point, the Secretary made it clear the Department opposes section 701. He agreed the provision would be "costly" and "harmful," would "induce cities to delay projects which provide additional low- and moderate-income housing and undertake instead downtown urban renewal projects which would benefit from the additional credits provided by this provision," and would discourage cities from providing schools and similar public facilities necessary for the proper development of an urban renewal project.

I suggest, therefore, that my amendment to strike section 701 deserves the support both of proponents and opponents of the Administration bill. It will prevent a gigantic raid on the Treasury and avoid severe damage to the urban renewal program and, if enacted, the demonstration cities program.

Sincerely yours,
FLORENCE P. DWYER,
Member of Congress.

Briefly, section 701 would require the Government to provide a noncash grant-in-aid credit against the local share of urban renewal costs for 25 percent of the cost of constructing public facilities for cultural, exhibition, civic or municipal purposes.

The practical effect of this section would be to invite the more than 800 communities having active urban renewal projects to take advantage of the opportunity to raid the Treasury and undermine the purpose of urban renewal.

Section 701 was added to the bill in the Senate. No hearings, discussion, or other consideration was given to this provision in our committee.

Section 701 is directly related to the 52 special exception urban renewal credits which were eliminated by the committee. It would, in fact, restore many of these projects—though at a reduced 25-percent subsidy—and would open the door to hundreds more, even though none of these projects qualify for credit under the urban renewal program and even though none of them are directly related to urban renewal projects.

Secretary Weaver has condemned these projects in—and these are his words—“the strongest possible terms.” He said they would have a “devastating” effect on the urban renewal program, make it “completely unmanageable,” and bring the program to a halt. He also said the projects would “cripple” the demonstration cities program and “dissipate” funds which Congress has authorized to fight slums and blight.

In comments on section 701, which I solicited from the Secretary, he made his Department's opposition very clear. He agreed the provision would be very “costly” and “harmful.” He said it would—and I quote from his letter—“induce cities to delay projects which provide additional low- and moderate-income housing and undertake instead downtown urban renewal projects which would benefit from the additional credits provided by this provision.” It would also, he said, discourage cities from providing schools and similar public facilities necessary for the proper development of an urban renewal project.

In other words, Mr. Chairman, section 701 would inflict on the urban renewal program the most expensive and radical distortion ever proposed.

Each of us know, I feel certain, that the 52 special projects and section 701 represent nothing more than a sophisticated form of “pork barrel” legislation. I urge our colleagues to support my amendment to strike section 701 from the bill.

Directly related to this amendment, Mr. Chairman, is one which our distinguished colleague from New Jersey [Mr. WIDNALL] intends to offer. He proposes to insert language requiring that redevelopment of urban renewal areas for predominantly residential uses “provide a substantial increase in the supply of standard housing of low and moderate cost and result in marked progress in serving the poor and disadvantaged people living in slum and blighted areas.” The language speaks for itself, and I wholeheartedly favor the amendment.

There is one other badly needed amendment to the urban renewal program which I shall offer. The amendment would require the holding of a public referendum on proposed urban renewal projects in communities with populations of 150,000 or less.

I have explained this amendment at some length in my individual views in the committee report and I shall expand on it when I offer the amendment on the floor. What it would do, I believe, would be to restore the human factor to urban renewal, to bring the people of a community into closer accord with the planners, and to encourage planners to take the people more closely into their confidence.

Urban renewal needs the understanding and support of the people it is supposed to serve, and people have a right to know what their Government plans to do with their money and with the power of eminent domain, and they have a right to participate in such decisions.

My amendment would give the people this right, and it would, by doing so, strengthen the urban renewal program.

Mr. BROCK. Mr. Chairman, I yield myself 10 minutes.

The CHAIRMAN. The gentleman from Tennessee is recognized for 10 minutes.

(Mr. BROCK asked and was given permission to revise and extend his remarks.)

Mr. BROCK. Mr. Chairman, it is a little hard to get excited over how many people you are going to influence when you look around at the vacant seats in the House. But I feel very strongly about this bill. I think the gentleman from Pennsylvania said it is one of the most critical pieces of legislation we have considered in this Congress, and I agree.

I also agree with the gentleman from Pennsylvania [Mr. MOORHEAD], who said it is men who make cities, not walls.

This particular bill is one of the most complex and confusing pieces of legislation this Congress has considered in the 4 years I have been serving here, and one of the most far reaching.

Two weeks ago I was talking to a group of highly intelligent constituents, and I tried to explain the provisions of the bill. I thought I had done an adequate job, until after the speech was over. At that time several of my constituents came up to me and said, “Bill, why is it that we need to subsidize just those cities that have had demonstrations? Should not every city be given equal treatment, whether they have had a demonstration or not?”

I found that my eloquence was somewhat lacking in explaining what this bill really does.

The bill goes to one central point. I believe it demonstrates the philosophy that cities cannot exist without specific grant Federal aid programs and, if so, it represents a dramatic change in our approach to the Federal system that we call America. I believe it also demonstrates the striking failure of past specific great Federal aid programs.

This bill provides a subsidy for those who will take existing subsidies. It provides that the Federal Government will pay 80 percent of all planning costs of the city's demonstration program.

Then, in addition, it provides that we will pay up to 80 percent of the non-Federal share of the program—if it will accept the standards, direction, and control which accompany a designation of “demonstration city.”

For example, if an urban renewal program would normally be allocated 75-percent Federal and 25-percent local contribution, and if the city were to accept the designation of a demonstration city, then this bill would provide that the Federal Government would pay 80 percent of the local share of 25 percent, meaning that we would pay 95 percent of the total cost of that program.

This does not deal only with urban renewal. It deals with schools, housing, libraries, airport facilities—virtually every area of city development.

I would ask a very simple question. If it is necessary for Washington to pay 95 percent of the cost of operating our cities, whither goest thou?

Whither goest thou, in this partnership we have called federalism, a partnership between the local community, the State, and the Federal Government? What is the future of our communities as independent partners in a creative society? Without the ability or authority to ascertain their own needs, their own priorities, what is their reason for existence?

The bill would do one thing. It would recognize we have an enormous and a growing problem in our metropolitan areas. The problem will continue to be with us.

But how does the bill propose to attack this problem? It would attack the problem by putting more money into the same programs that, by the bill's own statement, have failed in the past. I question whether this is an honest consideration of the basic problem.

What is the real problem facing our cities? One can find it, whether in Cleveland, Detroit, Pittsburgh, Chattanooga, or New York City. The real problem facing our cities is that, due to inadequate financial resources, and in some instances malapportionment, the central city is decaying. That sets in motion a series of events.

When decay or blight hits the central city, it begins to erode that city like a cancer from within. People of moderate-to-higher income levels leave the city. Businesses move out. What happens? All of a sudden the city finds itself without an adequate tax base, at the very time the need for services is skyrocketing, because the people who need these services are the low-income people who are left in the city. Yet these are the very same people who do not have the financial ability to pay a high property tax or a high sales tax.

The fact is that those are the two taxes on which we have predicated our income base for local and State governments, sales taxes, and property taxes. Yet too rapid expansion of these tax rates can be self-defeating.

It seems to me the problem we should direct ourselves to today is, what are we going to do about providing the local community with the income resources with which to meet the needs of its citizens?

Can we do it with a Federal subsidy going up to 95 percent of the cost of the programs? If we do, is this not an open invitation for the mayor of every city in the United States simply to move his office to Washington, D.C., and leave an attractive secretary in the hometown to answer his mail? What purpose will he have, other than to come hat in hand to the Secretary of HUD or some other agency in Washington and say, “Help my city”? What alternative will he have, other than to say, “If I accept your money I will also accept your direction and your control?”

If that should happen, what will happen to the creativity, to the excitement, to the challenge there is in the local community in America today? If all our programs across the whole width and breadth of America are determined from Washington, where will there be the competition which has created so many solutions which have changed the face of America?

If we in Washington assume the responsibility for paying the bills of our local communities to the extent of 85 or 95 percent, where will there be any challenge for an attractive, intelligent young man to go into public service, when his only function will be to go to Washington and ask for help? He will have no authority to be creative in his own right in solving community problems, and thus why should he serve?

How are we going to get decent people into politics? What is the future of the Federal system if we take the concept that Federal aid in specific grant programs is the only way that cities can exist?

I recognize the problem. I have talked to the mayor of my community at home. We have a marvelous community in Chattanooga. It is progressive, exciting, and vital. Our mayor faces an enormous series of problems. The city is booming. The needs of its people are growing. Yet we have reached the limit of the sales tax. We are at our constitutional limit of 4 percent. We are close to the maximum on the property tax. If we go much higher, we drive out new industry, thus destroying our future tax base because it makes us less competitive with other cities and towns in the area. What is he to do?

I can understand why cities come to us in Washington and say, "We need help. We need it now. We will take any controls or standards or anything if we can just get some help." But is it not a little shortsighted of us to turn our backs on the basic problem, which is that our communities simply do not have adequate tax resources? You cannot tell me our local officials do not care about their people and would not do a job if they had a chance to do so. The problem is they do not have the resources with which to do it. The growing part of the tax base in this country has been eroded by preemption of income taxes by the Federal Government. What can we do about it? Rather than attack the basic disease itself, we come in with another patchwork solution on top of all the old failures and impose another superstructure and series of controls. We say, "Do not think for yourselves, do not be creative or responsive, but let us tell you how to solve your people's needs and your problems will be solved."

The fact of the matter is that local problems have not been solved by this approach in the past, but may have been exaggerated. Unless we attack the basic disease of an inadequate tax base, we will not have a federal system in 10 or 20 or 30 years from now. There will be no partnership. It will be a total superstructure on top with conforming the standard instead of creativity.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. HARVEY of Michigan. Mr. Chairman, I yield the gentleman from Tennessee an additional 5 minutes.

Mr. BROCK. I started to say I am sorry that civil rights became a part of this debate because I think the problem goes far beyond civil rights.

I believe sincerely the gentleman from Pennsylvania and the colleague he has on the majority side are just as concerned about the problems of our cities as anybody in the whole Congress. I know it from watching his work. I happen to disagree on this way of solving this problem.

I am deeply concerned that this bill represents a frontal assault on the creative partnership called the federal system, which has existed for 200 years. I am terribly concerned about that. I think it is time that this Congress took a look at this system itself. I think it is time we began to say, "would it be possible for us to extend this revenue base of the income tax to our local communities and States so that they could determine their own priorities and their own programs and so that they could respond to the needs of their people?" I think it is time that we began to consider the possibility of a tax-sharing program so that these communities could go on with the job of creating a truly great society.

Mr. Chairman, I could give you 1,000 arguments against the technical features of this bill. I intend to propose an amendment to it which would strike all except the planning money in title I. I hope that it will be accepted, because I, in all honesty, do not believe that there is a single Member of this House who knows all of the ramifications of this bill.

Mr. Chairman, I do not believe we can go into a \$900 billion program, without taking the time to know what we are doing. The subcommittee decided to limit the bill to planning funds until the last day of its executive session, at which time the position was reversed.

Mr. Chairman, the subcommittee itself was in a position of wanting to have just the \$24 million for planning so that we could structure something that might have some justification and something directed toward the basic problem involved.

But such was not to be, for we were under pressure. This is the administration's No. 1 priority bill.

And, Mr. Chairman, what happened? The screws were turned on. As a result this "independent" legislative brand goes back and accepts the administration bill and says that it saved money by cutting the period of the program from a period of 6 years down to a 2-year program, even though we increased the amount of money for those 2 years.

That just does not make sense.

I hope that this House of Representatives will give great deliberation to what we are doing to the Federal system. I hope that we shall try to examine the basic disease which affects our communities. Let us realize they have no lack of desire to respond to the needs of

the people, only a lack of financial ability.

Mr. Chairman, I believe we must first do that before we can begin consideration of a bill of this type.

Mr. DEL CLAWSON. Mr. Chairman, will the gentleman yield?

Mr. BROCK. I yield to the gentleman from California.

Mr. DEL CLAWSON. Mr. Chairman, I wish to associate myself with the remarks of the gentleman from Tennessee [Mr. Brock] and also to ask the gentleman the question as to how long the Federal Government has been involved in attempting to help remove the blight from our central cities?

Mr. Chairman, does the gentleman know when these programs first started?

Mr. BROCK. I do not honestly know how many years ago, but I know that there are well over 100 programs involved, and if dollars would substitute for men, the problem would have been solved years ago.

Mr. DEL CLAWSON. Mr. Chairman, if the gentleman will yield further, is it not true that the Wagner-Ellender-Taft bill of 1937 started out with a slum clearance program and under that program they began to clear out some of our central city blighted areas?

Mr. BROCK. I believe the gentleman from California is correct.

Mr. DEL CLAWSON. And, Mr. Chairman, if the gentleman will yield further, so we have been continuing this now for several decades, and yet the blight seems to be worse today than it was in the beginning?

Mr. BROCK. That is entirely true.

Mr. DEL CLAWSON. Is this what the gentleman is getting when he is speaking philosophically as well as actually here?

Mr. BROCK. The gentleman is correctly gaging my position.

Mr. Chairman, I believe it is important that we look at that fact—this bill is nothing more than an admission of past failure, and if the programs in the past have failed, why have they failed? Why impose another superstructure upon these failures? Why not study the past and hope to improve in the future?

Mr. DEL CLAWSON. Then, it is really possible that the Federal Government does not have the answer to our local problems. Perhaps we should get into the tax-sharing venture that lies ahead of us and let the people locally involved make their own decisions and solve their own problems?

Mr. BROCK. Mr. Chairman, I agree with the gentleman from California. I believe it is time we asked ourselves some of these questions.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

Mr. HARVEY of Michigan. Mr. Chairman, I yield 3 additional minutes to the gentleman from Tennessee.

Mr. BROCK. I think it is time that we asked ourselves as Members of the Federal governmental structure whether we are part of the problem or whether we are part of the answer.

Mr. DEL CLAWSON. I thank the gentleman. I feel the gentleman has hit the nail right on the head.

Mr. MIZE. Mr. Chairman, will the gentleman yield?

Mr. BROCK. I yield to the gentleman from Kansas.

Mr. MIZE. Mr. Chairman, for the life of me I cannot, after having listened to the hearings and being a member of the committee, I still cannot come up with the answer as to where they obtained the figure of \$900 million for a program involving a period of 2 years.

Was it just pulled out of thin air?

Mr. BROCK. Well, I would have to answer, in all candor, to the effect that I believe the figure came about as a result of the budget. I believe that is about what they felt they could stand.

Mr. Chairman, the question that the gentleman from New York [Mr. RESNICK] raised with reference to Poughkeepsie, N.Y., becoming a part of the program, he said:

We are for the bill because we will get Poughkeepsie into it.

Do you not realize every Member of Congress thinks he is going to have a city in this program? Do you not know that the top possible number of cities we can bring in is 50? I do not honestly think we can bring in more than 12 to 24, 1 or 2 dozen.

Who is getting sandbagged around here? Somebody is being lied to.

I think it is incumbent upon us to realize that this bill, with \$900 million in it, would handle only one of the eight projects in New York City alone that Mayor Lindsay testified he needed before the Senate committee. What about the other several thousand communities in America?

Still, we are not attacking the basic problem. We are going to make certain cities qualify under the demonstration cities title, but what is that going to demonstrate? Nothing except that all the cities need more Federal funds. There is not enough money in the Federal Treasury to take care of all our cities. Unless we address ourselves to the revenue base, I think that we are ducking the central issue.

Mr. DEL CLAWSON. Mr. Chairman, will the gentleman yield?

Mr. BROCK. I yield to the gentleman.

Mr. DEL CLAWSON. Mr. Chairman, the gentleman mentioned the city of New York, and Mayor Lindsay's testimony. Does the gentleman recall how much Mayor Lindsay indicated would be necessary to help the buildup of the city of New York alone?

Mr. BROCK. Mayor Lindsay suggested a figure of \$50 billion over the next 10 years.

Mr. DEL CLAWSON. Mayor Lindsay suggested \$50 billion over the next 10 years?

Mr. BROCK. The gentleman is right.

Mr. DEL CLAWSON. If we wanted to start with one city in the New York metropolitan area, we would have to start out with how many billion dollars a year for how many years?

Mr. BROCK. We would have to multiply this bill by 10 or 12 times, because the bill proposes \$400 million the first year, and \$500 million the second year, so it would have to be \$500 million times 10 or 12—and this for 1 city only.

Mr. DEL CLAWSON. For only that one city?

Mr. BROCK. That is right.

Mr. DEL CLAWSON. And then we would not be sure it would be a good demonstration.

Mr. BROCK. It would be a demonstration. But I say that we are not affording the responsibility to the local community governments to bolster their ability to take care of the needs of their people in the manner they see fit.

Mr. DEL CLAWSON. Mr. Chairman, I thank the gentleman for yielding.

Mr. BROCK. Mr. Chairman, I yield back the balance of my time.

Mr. PATMAN. Mr. Chairman, may I inquire of the gentleman from Tennessee [Mr. Brock], whether the minority side has finished? I believe we will finish in about 5 minutes on our side.

Mr. BROCK. Mr. Chairman, if the gentleman will yield, we do not have any requests for additional time.

Mr. PATMAN. Mr. Chairman, I will yield first to the gentleman from Texas [Mr. GONZALEZ] and then I will yield to the gentleman from California [Mr. COHELAN].

At this time I yield 5 minutes to the gentleman from Texas [Mr. GONZALEZ].

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. GONZALEZ. I yield to the gentleman.

(Mr. BUCHANAN asked and was given permission to revise and extend his remarks.)

Mr. BUCHANAN. Mr. Chairman, since the President in his message to Congress January 26, 1966, introduced the demonstration city concept for the first time, much has been said and written for and against it.

No one can deny that the cities of America are faced with a major crisis. Crime, riots, slums, blighted areas, mushrooming welfare rolls, the plight of the schools are only a few of the difficulties facing the cities.

But as serious as these problems may be the administration's plan to use Federal power and Federal tax money to deal with them does not provide the answer. The Demonstration Cities and Metropolitan Development Act of 1966 is not the answer. This omnibus bill may eventually create more problems than it solves.

Too long the policy of our Government has been one of throwing money at its problems with the hope that in so doing those problems would disappear. The Demonstration Cities Act is the epitome of such pecuniary reasoning.

U.S. News & World Report issued an ominous warning which we could well heed in a recent article which stated:

Washington fast is spreading its domain over the cities of America, using Federal tax funds—flowing in ever-increasing amounts—to gain its goals.

Big cities, deep in trouble, beset by mounting civic problems, more and more are looking to the national capital for salvation. States, often mendicants, gradually are being bypassed, even as transmission belts for federal money.

The trend is growing as the White House moves to rescue municipalities with a massive Demonstration Cities program proposed by the President.¹

There are at least four valid reasons why this omnibus bill, as now proposed, should be defeated.

First, it is but another example of increasing Federal control and government by man rather than government by law.

The administration has used the term "creative federalism" in connection with this far-reaching legislation, stating that its intent is not to interfere with local and State affairs but to assist and encourage. But it has been more accurately defined as a "Madison Avenue misnomer for the practice of interjecting the National Government into every conceivable area of human activity under the guise of aid."²

This bill would, in effect, designate the Secretary of Housing and Urban Development as a "super mayor." The provisions of title I place the Secretary of HUD in absolute control of this program. He would have the final authority to select the city and the demonstration project that would receive Federal assistance. Furthermore, such selection would be based upon plans submitted in conformity with requirements that the Secretary has established. The city and program that finally wins the approval of the Secretary of HUD would then be eligible to receive 80 percent of the contribution otherwise required for a Federal grant-in-aid project.

Even the mayor of New York City, the Honorable John Lindsay, stated before the House Subcommittee on Housing that—

A competition among American cities with the fate of the poor at stake is not a very attractive prospect for local officials."³

The demonstration cities plan has been described as "the most ambitious program in the history of urban America and aims at remaking the architectural face of the Nation."⁴ The plan, if carried out as proposed, would result in the loss of local control and a consequent erosion of representative government resulting, finally, in decreased citizen participation.

The cities themselves could be doing more of the job of renewal and rehabilitation. Often big city political leaders have been unwilling to work for structural reforms which could eliminate the basic difficulty of an inadequate tax base.

¹ U.S. News & World Report, March 7, 1966, p. 43.

² STROM THURMOND Reports to the People, Vol. XII, No. 13, April 11, 1966.

³ Hearings, Subcommittee on Housing, Committee on Banking and Currency, U.S. House of Rept. 89th Congress, 2nd Session, p. 225.

⁴ U.S. News & World Report, March 7, 1966, p. 45.

This inadequacy, coupled with an over-eagerness on the part of Washington bureaucracy, have resulted in a preemption of the local tax revenues by the Federal Government.

Such was the opinion of the National Association of Real Estate Boards expressed by Mr. Alan L. Ensley in his recent statement concerning this bill:

The fundamental weakness in the bill is that it seeks solely by means of increased Federal grants to induce the cities to do that which they should have been doing in the years when they prevailed upon the Federal government to execute billions of dollars in binding contracts for urban renewal.⁵

Mr. Chairman, it is surely a gross understatement to say that the most dangerous section of this omnibus package is title II, the proposed Metropolitan Development Act. Close scrutiny of this section opens up a virtual Pandora's box. As now proposed, this title would cast the shadow of HUD over every metropolitan area in this country. Almost every local governmental decision in areas accepting supplemental Federal aid would be subject to review by the Secretary of HUD. Consequently, he would have virtual control over the local financing and scheduling of all public facility projects that have areawide impact. Section 203(4) would give the Secretary of HUD authority to urge creation of a metropolitan area of any size. The average citizen and taxpayer would find this to be quite a nightmare.

Title II could become the foundation for such things as school busing, pairing, teacher assignments and creation of Metropolitanwide school districts. It could also be the first step in a concentrated effort to create artificial racial balance by the elimination of neighborhood schools in those areas of our country where Federal planners so determined.

Lyle Wilson in the Washington Daily News has said:

This Title could confer on Federal authorities the power to establish in cooperating urban and suburban areas standards of racial integration in education and housing and, in general, guide lines for community living.⁶

In the same article Wilson declared:

The Government could withhold or distribute Federal bonuses or bribes as urban or suburban communities did or did not comply with Federal standards.⁷

Proposed legislation by the U.S. Office of Education entitled "Equal Educational Opportunity Act of 1967" which could implement this metro title was revealed by my colleagues, Congressmen BILL BROCK, of Tennessee, and PAUL FINO, of New York, on September 13. According to their analysis of the "Equal Educational Opportunity Act of 1967," the following legislation would be proposed to the 90th Congress:

First, metropolitan areawide rezoning of school attendance areas, without regard to existing State or county lines, to compel racial balance in public schools;

Second, busing of suburban school children into city schools, and busing of city pupils to suburban schools at Federal insistence and expense;

Third, complete obliteration of present school district boundary lines, with free transfers between school districts; and

Fourth, Federal subsidies to underwrite the cost of rewriting history books so as to recast the history of racial and religious minorities.⁸

In response to their charges, Secretary of HEW, John W. Gardner, declared that no legislation was to be proposed which would "compel" busing to correct racial imbalance. But, Mr. Chairman, everyone knows that subsidies can be set up in such a way as to amount to compulsion if made a part of a metro-aid package.

James Kilpatrick in the Washington Evening Star just last month wrote that "any doubt that the metro title would be used to achieve school busing and metropolitan school zoning will be dispelled" by the Equal Educational Opportunities Act of 1967 which he referred to as "breath-taking both in its audacity and in its candor."⁹

I agree with the opinion of James C. Hass, executive vice president of the General Improvement Contractors Association, who said in testimony concerning this bill:

It is a superstructure, gigantic, important, grandiose, a duplication and conglomeration of many things we have had before. And if we put it on top of what is not properly functioning now, we are going to have a brand-new 10 gallon hat sitting on an old head that is full of sores. It is going to cover them up, but it is not going to cure them. It may be good for the Fourth of July, but not for the other 364 days of the year. So let's first go through the process of making our existing programs sound.¹¹

Title II is not just a Federal foot in the door of the neighborhood school, the city hall, and the county commission. It is a blueprint for a future Federal takeover. This title, with its fearsome grants of authority and open invitation to executive abuse, must be stricken from the bill.

Second, this bill should be defeated because of necessary defense expenditures in Vietnam and the inflationary threat at home.

President Johnson has called on this Nation and its industry to hold back on nonessential capital improvements. If one segment of our Nation is asked to cut back on capital improvements, all segments, especially the Federal Government, should be expected to do the same. This administration urges everyone else to economize—the housewife to select cheaper cuts of meat, the workman to hold to wage "guide posts," the businessman to review his budget, the manufacturer to restrict his spending. Let us here and now show good faith to all America by cutting Federal spending.

Title II alone calls for \$24 million for

planning for fiscal years 1967 and 1968 and authorizes \$400 million for fiscal 1968 and \$500 million for fiscal 1969. Also, urban renewal funds would be increased by \$250 million to be used exclusively for demonstration city purposes within urban renewal areas.

Currently, we are faced with the rising cost of living and the diminishing purchasing power of the dollar. Billions are being poured into Vietnam already and Hanson W. Baldwin in the New York Times has predicted that we will be called on for a supplemental defense appropriation of about \$10 billion after the November elections.¹²

Walter Heller, former chairman of the President's Council of Economic Advisers, said on September 1 of this year:

Our economy is powerful enough to afford both guns and butter. But it does not follow that we can afford both guns and fat.¹³

Mr. Chairman, much of this legislation may well be fat which could and should be trimmed from the waistline of the Federal budget.

Latest Treasury Department reports set the cost of the war in Vietnam at \$1.286 billion per month.¹⁴ This amounts now to approximately \$12 to \$15 billion per year. If Mr. Baldwin is correct in the aforementioned prediction, I say that we cannot afford the "fat" of this omnibus bill in a time which actually calls for belt tightening and rigid discipline.

Third, certain sections of this bill, especially titles I and II, are marked by vagueness and contradiction. The legislative guidelines in title I are vague because the program itself is imprecise and ill defined. It cannot be made specific until the cities have submitted their plans and recommended specific projects. Congress should refrain from handing over to the Secretary of HUD the broad grants of authority that he has requested until such time as the details and dimensions of the program have been clearly defined and specific guidelines and safeguards have been established.

James Q. Wilson gave adequate warning in the following statement issued earlier this year. It reads:

The major new proposal—for a "Demonstration Cities Program" is harder to evaluate, in part because it is not clear what is to be demonstrated or what relationship it will have to existing urban renewal and public housing programs, and in part because, no matter what is intended at the federal level, the real decisions will probably be made locally and toward a dozen different goals . . . the Demonstration Cities Bill speaks of "guidelines," and "findings," and "authority," but nowhere does it say what will be done. Thus, whatever Congress decides, it seems clear that the real policies will be determined by the administrators, and they are now silent as to their intentions. If the present Congressional situation is any clue, the administrator's silence may suggest that they believe it too risky to reveal in detail their intentions. But if past experience is any guide, that silence probably also means that they haven't figured out what their intentions are.¹⁵

¹² Hanson W. Baldwin, New York Times, Oct. 4, 1966.

¹³ Republican Fact Book, 1966, V. 5.

¹⁴ New York Times, Sept. 29, 1966, p. 29.

¹⁵ Wilson, James Q., "The War on Cities," The Public Interest, Vol. 1, No. 3, Spring 1966, pp. 27-28.

⁸ News Release, Congressman BILL BROCK, Tuesday, September 13, 1966.

⁹ Kilpatrick, James, "Draft Bill" on Schools, Washington Evening Star, Sept. 22, 1966.

¹⁰ Ibid.

¹¹ Senate Hearings, Subcommittee on Housing, Committee on Banking and Currency, 89th Congress, 2nd Session, pp. 39-40.

⁵ Hearings, Housing Subcommittee, Committee on Banking and Currency, U.S. House of Rep. 89th Congress, 2nd Session, p. 596.

⁶ Wilson, Lyle, "A Demonstration Bill," Washington Daily News, Oct. 5, 1966.

⁷ Ibid.

Fourth, the demonstration cities proposal endows the potential coordinator with too much personal authority. Supposedly, he is to give pertinent information and render useful assistance with respect to the broad array of Federal grant-in-aid programs. But this act could create what is tantamount to a Federal czar appointed by the Secretary of HUD.

Title IV of this omnibus bill which is entitled "Land Development and New Communities," is shot through with such terms as "satisfactory to the Secretary," "as the Secretary declares reasonable," "if the the Secretary determines," "approved as adequate by the Secretary," and "regulated in a manner acceptable to him." In effect, the Secretary with his first lieutenant, the coordinator, could create, in accordance with criteria that he would develop, new towns and cities that would be subject primarily to their direction and control. I ask that this ambitious scheme be stricken from this bill.

Federal planners are talking in terms of breaking down "precincts of power" and "walls of separate jurisdiction" in the Nation.¹⁶ "When we get through," one said, "none of our institutions is likely to be the same."¹⁷

Such talk is frightening, Mr. Chairman.

I call on this distinguished body to heed the words of J. Rubin Clark, Jr., former U.S. Ambassador to Mexico and Under Secretary of State. He has said:

Tyranny has never come to live with any people with a placard on his breast bearing his name. He always comes in deep disguise, sometimes proclaiming an endowment of freedom, sometimes promising help to the unfortunate and downtrodden, not by creating something for those who do not have, but by robbing those who have. But tyranny is always a wolf in sheep's clothing, and he always enters by devouring the whole flesh, saving none.¹⁸

Mr. GONZALEZ. Mr. Chairman, I rise in support of this legislation.

It has been my privilege to serve on the Subcommittee on Housing under the very eminent leadership of Chairman BARRETT, and above all under the expert and experienced leadership of our overall committee chairman, my distinguished and revered colleague the gentleman from Texas [Mr. PATMAN].

Mr. Chairman, I cannot think of a more important legislative program than this one in order to continue with what this bill so eloquently states at the very outset is our No. 1 primary program and problem in the United States. It says:

The Congress hereby finds and declares that improving the quality of urban life is the most critical domestic problem facing the United States.

Those of us who have had the privilege to serve on a local legislative level, as I have on the city council of my native city, and on the State legislative level, as I have been privileged to serve in the State Senate of Texas, and now on this level, realize the importance of this

legislation in order to complement and round out what is needed for fulfillment in the purposes and aims that Congress has well written into law since the thirties.

It has been my privilege to serve in a capacity closely identified with such endeavors as public housing.

While on the city council of the city of San Antonio, it was my privilege to stimulate further the complete amelioration of the difficulties that sometimes arise between governmental entities.

Perhaps I am prejudiced in favor of these programs because it has also been my happy privilege to live in a city that has found the key to developing local State and national programs as a matter of copartnership as the Congress has time and time again maintained that it should be.

It was my privilege to be the author of the urban renewal and slum clearance law enabling legislation in the State of Texas in 1957. Up to that, time for almost some 15 years, the State of Texas has been bypassed in these important programs because it had not enacted enabling legislation.

Then there were the same cries of opposition, the same identical arguments of doom and gloom and fear and dire consequences that I have heard this afternoon against this bill. I heard these same things on the city council in the State senate, and again on many occasions here in the National Congress.

Mr. Chairman, this bill just as any other bill that is considered by a legislative body may not be perfect. But I can assure my colleagues that it does not contain the provisions that have been so distorted in statements I have heard and arguments that I have read to the effect that it would transform a Secretary into a commissar or into a dictator who is willy-nilly out to integrate and enforce the busing of students from one end of the city to the other.

Mr. Chairman, that is impossible under the terms of this bill and under the statutes and laws and constitutional provisions of our States for this to come about as has been so direfully predicted by some of our colleagues here lately.

I am hopeful that when specific amendments are offered that those amendments that are creative and constructive will be given a full hearing and that we will act upon them accordingly.

Mr. Chairman, many thoughtful persons are seriously questioning whether we can afford not to enact the City Demonstrations and Metropolitan Development Act of 1966. In a recent statement, the National Association of Housing and Redevelopment officials asked whether Congress and the administration can reasonably wait for another long hot summer of social unrest, riots, and demonstrations before relief of poor housing conditions can be provided in slum and blighted areas.

Some would explain away the riots that have occurred in our cities on the propensity of certain persons to break the law and the intent of others to incite civil disobedience. What myopic vision it is to look at poor people rioting and not to see the slums, the poverty and the

degradation in which poor people are forced to live.

The Demonstration Cities and Metropolitan Development Act of 1966 is the real antiriot bill of the 89th Congress. It is the only well-considered, well planned, and well-thought-out bill to prevent further riots and to help solve the numerous problems of the cities that has been produced by Congress this year. Those who have bewailed rioting in our cities from New York to Ohio to California, now have an opportunity to do something about them. Those who have grasped the full meaning of the problems facing our cities, now have an opportunity to help solve them.

This bill itself represents a legislative breakthrough to the most serious domestic problems facing America today. American society, beset by all the problems of urbanization, has the wealth and industrial capacity to eliminate poverty. Our main problem has been the inability to marshal our resources and apply our technology in a way which would remove some of the chaotic conditions in the cities and benefit all the people. The job before us is to translate the language of this bill into concrete facts and real progress.

A vote for the Demonstration Cities and Metropolitan Development Act is a vote against riots in the cities. A vote for this bill is a vote for coordination of Federal activities and maximization of their benefits and effects on the local level. A vote for this bill is a vote to eliminate slums, not by simply tearing them down, but by building new housing and rehabilitating existing housing for low income families, and by making available to these facilities the additional facilities and resources necessary to convert a slum into a decent neighborhood.

I consider this program to be the most important domestic legislation to come before Congress in many years. In my opinion, no Member could be considered sympathetic to the plight of urban America who votes against the bill, or who votes to cripple or disable it.

Mr. PATMAN. Mr. Chairman, I yield such time as he may use to the gentleman from Texas [Mr. CASEY].

Mr. CASEY. Mr. Chairman, 300 major American cities will be prohibited by law from participating in two Federal programs if this House passes H.R. 15890, the housing bill, as it is now written.

These cities—all over 10,000 population, and including the major urban areas of Houston and Baltimore—will be prohibited from participating in the Federal program for planned metropolitan growth, and in all likelihood, in the proposed demonstration cities program.

They will be prohibited because they lack zoning ordinances—and this House has been asked to make this a requirement for such participation.

I see no justification for this requirement. We stand now at the crossroads—do we create a Federal Lord Mayor over our cities, telling them what must be done on a local level—or do we continue to permit local self-determination in matters such as this?

Is this House going to tell the people of such cities as Baltimore, Houston, Mobile, Honolulu, Indianapolis, or Chey-

¹⁶ U.S. News & World Report, March 7, 1966.

¹⁷ Ibid.

¹⁸ "An Analysis of Metropolitan Government," Save Our Suburbs: Northeastern Illinois, p. 1.

enne that they cannot participate in this program?

Are we going to tell the people of 28 cities in Texas, 33 cities in California, 24 cities in Illinois, and 23 more cities in Florida that because you exercised your local option in many cases and rejected zoning—you cannot take part in what we deem to be a solution to your urban growth problems?

Again, I state that I see no justification for this requirement.

And when this bill is opened for amendments, Mr. Chairman, it is my intention to strip this requirement from the bill and to propose a substitute which will make these cities eligible for such aid, on an equal footing with all other localities.

We, in this House, were derelict in not acting earlier when the urban renewal program was passed. Because of this, our lack of foresight, all 300 of these cities are already precluded from receiving Federal help on their staggering urban renewal problems. They are not precluded by law, I hasten to point out. No, they are precluded by an edict issued by the Secretary of the Housing and Urban Development Department, who sets zoning as one of the minimum requirements for receiving urban renewal aid.

Is there any doubt, Mr. Chairman, that the Secretary of HUD will also set zoning as his personal requirement to participate in the demonstration cities program? If he requires it in urban renewal—what else will he require under the blanket authority handed to him on page 5, line 12 of H.R. 15890—where it states that the applicant city's program must "meet such additional requirements as the Secretary may establish"?

This is not a local problem, affecting only a handful of cities across the country. I know that it hits 296—but it may be that hundreds of other cities are involved. The list I have, and which is attached, is most incomplete—yet neither the Housing and Urban Development Department, nor the Library of Congress, can provide a complete list of cities in America which do not have zoning ordinances. And those cities I list are from the latest edition of the International City Managers Association Yearbook, and is compiled only from those cities which replied to a questionnaire the association sent out.

When I read the bill and the report—and saw this requirement written into the law—my first thought was of my own area. I knew that Houston would be precluded, for on three separate occasions, the voters have soundly rejected zoning. I wrote our distinguished mayor, Louie Welch, and sent him a copy of the bill, report, and an amendment I proposed which would cure the problem so that if, in the opinion of our city officials, this program was deemed helpful—they would not be precluded from receiving equal consideration.

It was then that I became interested in knowing just how many other cities would also be prohibited from participation, and the answer to me is astounding.

Surely, these 296 cities need help just as much as any area that has adopted rigid zoning codes. Some of us may believe they need even more help, because their problem is compounded. But this philosophy, apparently, does not prevail at HUD. And we in the House have a great opportunity to show that the Federal Government intends to work with local government in solving those problems too big for them or for the respective States to solve alone.

My amendment is not complex. On page 55, line 24, the language in the bill before the House reads:

In making this determination the Secretary shall give special consideration to whether the applicant is effectively assisting in, and conforming to, metropolitan planning and programming through (A) the location and scheduling of public facility projects, whether or not federally assisted; and (B) the establishment and consistent administration of zoning codes, subdivision regulations, and similar land-use and density controls.

My intentions are to offer the following substitute for this language:

In making this determination, the Secretary may give consideration to the applicant's program of metropolitan planning. He may consider the location and scheduling of public facility projects, whether or not federally assisted; and he may consider the applicant's efforts whether successful or not, to establish zoning codes, to consistently administer subdivision regulations or similar land-use and density controls, and to establish and administer a planning commission to chart orderly community growth in the absence of a specific zoning code and zoning commission. In no instance shall lack of a zoning code prohibit applicant from being approved for participation in this program.

Mr. Chairman, in addition to the specific cities listed which would be prohibited from receiving aid under this bill as it is now written, I ask permission to bring to the attention of my colleagues the legal opinion received from a distinguished attorney, Mr. Edward A. Cazares, first assistant city attorney, from the city of Houston.

I earnestly urge my colleagues to join with me in this effort to help those cities—large and small—who are suffering the same problems of explosive growth from the one source that should be available to all on an equal, nondiscriminatory basis.

The material referred to follows:

CITY OF HOUSTON,
August 31, 1966.

The Honorable BOB CASEY,
Congress of the United States,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN CASEY: Please forgive me for not writing to you sooner on the matter of your proposed amendment to H.R. 15890 discussed in your letter of July 29 to Mayor Louie Welch. Mayor Welch has referred your letter to us and I want to assure you that your proposed amendment is very much in order and absolutely necessary if the City of Houston is to be permitted to participate in the programs under Title II.

This requirement (B) on line 20 of page 18 would definitely, in my opinion disqualify Houston from participating. It clearly spells out the requirement of a zoning ordinance for eligibility, and you well know the history of Houston's efforts to vote in such an ordi-

nance. I feel very strongly that this will leave us out because of the position which has been taken by HUD on grants that have a "workable program" prerequisite for approval of the grant. While the law makes no mention of a zoning requirement for the "workable program", this requirement has been ordered by administrative regulations. If the Agency or Department has required zoning even where there was no such requirement written into the law, what can be expected where the law clearly requires it?

I might also point out that the authority give to the Secretary for additional requirements under the provision found on line 12, page 5, of Section 103 of Title I could also result in regulations that would deprive Houston from participation under Title I if the Secretary saw fit to also require zoning as under the present situation I mentioned in the previous paragraph.

If the requirement of zoning is written into any law authorizing grants to local governments, Houston, the nation's sixth largest city, as well as many other worthy cities in the nation, will probably never be able to qualify for such needed aid. This would, in my opinion, be very discriminatory against some of our cities.

No qualitative controls over the zoning ordinances are ever required and no provision seems to exist whereby the local situation in a city without zoning can be examined as to how it compares with localities that have zoning.

I very much appreciate the opportunity to express my views on this matter and I hope that you will be able to have your proposed amendment adopted.

Please call on me whenever you feel I may be of service to you.

Yours truly,

EDWARD A. CAZARES,
First Assistant Attorney.

CITIES OVER 10,000 WITHOUT ZONING

ALABAMA	
Mobile	Homewood
Athens	Mountain Brook
Auburn	Sheffield
ARIZONA	
Douglas	
CALIFORNIA	
Long Beach	South San Francisco
Bakersfield	Atwater
Concord	Commerce
Costa Mesa	Cupertino
Oxnard	Cypress
Palo Alto	El Centro
Redwood City	Fontana
San Mateo	Hermosa Beach
Santa Barbara	Lomita
Santa Monica	Madera
Beverly Hills	Milpitas
La Habra	Palm Springs
Oceanside	Piedmont
Monterey	Pleasant Hill
San Gabriel	San Anselmo
San Pablo	Walnut Creek
San Rafael	
COLORADO	
Arvada	
Littleton	
Thornton	
CONNECTICUT	
East Haven	
FLORIDA	
Fort Lauderdale	Lake Worth
Hollywood	Largo
West Palm Beach	Leesburg
Fort Myers	Melbourne
North Miami Beach	Plant City
Boca Raton	Plantation
Bartow	Pompano Beach
Cocoa	Riviera Beach
Cocoa Beach	Titusville
Deerfield Beach	South Miami
Delray Beach	Vero Beach
Gulfport	

GEORGIA		NEW MEXICO	
Thomasville		Hobbs	Gallup
Tifton		Las Cruces	Lovington
HAWAII		Alamagordo	
Honolulu		NEW YORK	
Hilo		Yonkers	Johnstown
ILLINOIS		White Plains	Lynbrook
Rock Island	La Grange Park	Long Beach	Mamaroneck
Skokie	Lake Forest	Rockville Centre	Mineola
Springfield	Lincoln	Fulton	
Belleville	Mount Vernon	NORTH CAROLINA	
Elmwood Park	Lyons	Wilson	
Pekin	Macomb	Lumberton	
Maywood	Mattoon	Thomasville	
Mount Prospect	Northlake	NORTH DAKOTA	
Collinsville	Western Springs	Fargo	
Hinsdale	Winnetka	Minot	
La Grange		Dickinson	
IDAHO		OHIO	
Coeur d'Alene		Canton	Massillon
Lewiston		Fairborn	Piqua
Moscow		Lancaster	Strongsville
IOWA		Mansfield	Sidney
Mason City		OKLAHOMA	
Boone		Bartlesville	Del City
Marion		Enid	Durant
INDIANA		Muskogee	Supulpa
Indianapolis	Mishawaka	Ada	
Evansville	Crawfordsville	OREGON	
Hammond	Hobart	Ashland	
KANSAS		Astoria	
Wichita	Junction City	PENNSYLVANIA	
Lawrence	Liberal	Erie	Carlisle
Dodge City	Newton	Abbington	Castle Shannon
Hays	Roeland Park	Aliquippa	Dormont
Independence		Hempfield	Latrobe
LOUISIANA		Ridley	L. Southhampton
Abbeyville		State College	Uniontown
MAINE		Williamsport	Waynesboro
Brewer		RHODE ISLAND	
Saco		Middletown	
MARYLAND		Anderson	
Baltimore		SOUTH CAROLINA	
Bowie		Greeneville	
MASSACHUSETTS		Shelbyville	
Amesbury	Reading	TENNESSEE	
Gardner	Saugus	TEXAS	
MICHIGAN		Houston	Eagle Pass
Deerborn Heights	Escanaba	Amarillo	Kermit
Lincoln Park	Harper Woods	Wichita Falls	Kerrville
Pontiac	Menominee	Garland	La Marque
Birmingham	Ypsilanti	Brownsville	La Masa
Ferndale		Laredo	McKinney
MINNESOTA		Midland	Marshall
Richfield	Maplewood	Port Arthur	N. Richmond Hills
Columbia Heights	Red Wing	Bryan	Sweetwater
Coon Rapids	Robbinsdale	Baytown	Seguin
Golden Valley		Killeen	Snyder
MISSISSIPPI		McAllen	Weatherford
Jackson		Temple	White Settlement
Columbus		Victoria	Pasadena
Greenville		Borger	
MISSOURI		VERMONT	
Florissant	Bridgeton	Barre	
St. Joseph	Grandview	VIRGINIA	
Joplin	Ladue	Newport News	Covington
Webster Groves	Marshall	Virginia Beach	Pulaski
Bellefontaine-Neighbors	Richmond Heights	Charlottesville	Salem
MONTANA		Danville	Williamsburg
Great Falls		Colonial Heights	
Billings		WASHINGTON	
NEBRASKA		Ellensburg	Pasco
Fremont		Kennewick	Port Angeles
NEVADA		WEST VIRGINIA	
North Las Vegas		Bluefield	
NEW HAMPSHIRE		Morgantown	
Keene		WISCONSIN	
NEW JERSEY		Green Bay	Ashland
Union	Collingswood	Kenosha	Neenah
Englewood	Hillside	Brookfield	Marinetta
Fair Lawn	Lyndhurst	Wauwatosa	Shorewood
Long Branch	Morristown	West Allis	South Milwaukee
Westfield	Stratford	Eau Claire	West Bend
Asbury Park	Tenafly	Sheboygan	
Burlington	Willingboro	WYOMING	
		Cheyenne	
		Casper	

(Mr. HARVEY of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HARVEY of Michigan. Mr. Chairman, I want to use this time to talk about an amendment I intend to make which will strike from the bill the provision which would commit the United States with the taxpayers' money to underwrite the development of new towns.

This proposal was first made in 1964 and was rejected by both the House and Senate Housing Subcommittees. It was recommended again in 1965 and again it was rejected by both the House and Senate Housing Subcommittees. Now in 1966, with admirable perseverance and boundless confidence in the apparently limitless patience of the American taxpayer, the provision is back with us. This time the new towns proposal has advanced a step. It is now part of the pending bill and my amendment, if approved by the House, will return it to the oblivion which it richly deserves.

This "new towns" provision would provide for FHA insurance of a mortgage on a new town for land assembly and site improvement. The maximum mortgage per new town would be \$25 million. The FHA insurance of what is apparently a privately-originated mortgage is nothing more than fiction because under section 405 the Federal National Mortgage Association is authorized to purchase the mortgage at par by drawing upon the Treasury for the money. You need not ask from where the Treasury gets the money.

In order to qualify for this "new town" bonanza, the developer must prepare plans which meet criteria laid down by the Secretary of Housing and Urban Development. In not so subtle language the administration architects of this provision present a master blueprint for the future Federal control of new communities, for the federalization of the cities of tomorrow.

This new towns provision represents an interesting case study in the metamorphosis of a plan to make it more acceptable to an unsuspecting public.

In 1964 the proposal made it clear that in order to qualify for this \$25 million mortgage the new town plans must satisfy the housing boss downtown that: First, it meets the housing and related needs of families with varying incomes; second, it establishes sound land use patterns; third, it encourages the most efficient use of transportation and other areawide facilities; fourth, promotes employment opportunities and future economic growth in the community; and fifth, that the land development shall be consistent with such assurances as the Commissioner may require as to actions to be taken by local public bodies in order to permit the implementation of the new community plan.

In the 1965 proposal the administration's housing bill no longer had a section entitled "new communities." Instead the new towns proposal was almost concealed in a new title involving the land development mortgage insurance. No longer could one see the elaborate criteria of the 1964 provisions but they

were there nevertheless in the general regulatory powers of the Secretary of Housing and Urban Development. So, in 1965 the Housing Subcommittee performed a little surgery, excising from land development insurance the "new towns" proposal.

Now it is 1966 and this time we have the title "new communities" but the broad blueprint for the federalization of new towns present in the 1964 version is disguised by softer language which conditions eligibility on less controversial conditions such as substantial economies in building, adequate housing for those employed in the community, and maximum accessibility to industrial, commercial, recreational, and cultural facilities.

Mr. Chairman, homeowners throughout the Nation are seeing their equities wiped out because of the tight-money situation. Homebuilding is suffering from a disastrous slump because so many homeowners are unable to sell their homes in order to buy new ones. Recently, the Congress enacted a FNMA bill designed to direct money into homebuilding and the residential mortgage market; \$1 billion of this was to be made available through FNMA special assistance. Because of the inflationary and budget impact this \$1 billion has been impounded by the administration. Yet here we have a provision that would authorize FNMA to draw money from the Treasury to underwrite "new towns."

Mr. Chairman, I submit for the benefit of my colleagues, a letter from the National Association of Home Builders in support of my amendment:

NATIONAL ASSOCIATION OF
HOME BUILDERS,

Washington, D.C., October 12, 1966.
The Honorable JAMES HARVEY,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN HARVEY: The National Association of Home Builders strongly supports your amendment to S. 3708, the Demonstration Cities and Metropolitan Development Bill of 1966, to eliminate the proposed FHA authority to finance the development of "new communities".

We believe that the present FHA title X land development program is more than adequate for the financing of all but the largest residential developments.

Enclosed for your information is a brief statement of NAHB's position on title IV of S. 3708.

Sincerely,

LARRY BLACKMON, President.

Mr. PATMAN. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. COHELAN].

Mr. COHELAN. Mr. Chairman, in my judgment, this legislation to begin a demonstration cities program is the most important new proposal to come before the Congress this year, and I strongly urge its passage.

Today we find 3 out of every 4 Americans living in urban areas. Every year we add another 3 million residents to our urban population. The critical problems of these urban areas then, in a very real sense, are the critical problems facing this country.

Our cities have been at the heart of our progress and development as the leading industrial nation of the world. But our cities have not kept up with

the needs of those who now live in them. Without a substantial new effort—without a concentrated and coordinated attack on basic urban ills—our cities have little hope of meeting the needs of the growing and changing population that will soon inhabit them.

The problems of our cities defy simple definition, just as their solutions defy quick and easy answers. But it is no exaggeration to say that the growing ghettos of our central cities are characterized by poverty, illiteracy, and disease. They are characterized by decay and deterioration; by the pentup anger of people living outside the affluence enjoyed by much of our society.

Our cities are increasingly the home for persons of low income. Slums and blight are widespread. More than 7 million homes in urban areas are run down; community services and facilities are frequently inadequate.

This week 22 chief executives of major American corporations, under the leadership of Edgar F. Kaiser, stated the problem plainly while urging approval of the Demonstration Cities Act:

Our cities are being submerged by a rising tide of confluent forces—disease and despair, joblessness and hopelessness, excessive dependence on welfare payments, and the grim threats of crime, disorder and delinquency.

Cities across our country have made major efforts to meet their problems. As the committee's report notes, between 1954 and 1963 tax revenues increased by 43 percent and municipal indebtedness increased by 119 percent.

But central cities today are caught in a vicious cycle. As blight mounts, the taxable value of the land falls. As new tax burdens are placed on industry, the more likely it is to move to the suburbs. As the need for programs and services increases, the base for supporting them declines. Under these circumstances, Secretary Robert Weaver has pointed out, it is not surprising that the cities with the greatest slum problems have the least capacity for solving them.

Many good Federal programs are already at work which directly benefit our cities—the war on poverty, aid to education, job development, housing, manpower retraining, and others. But each of these programs approaches a single problem with a single weapon. Although they may operate side by side, they are usually indifferent to each other, and sometimes they are even in conflict with each other.

The city of Oakland, in the Seventh District of California, presently has 140 different programs and projects which have some form of Federal funding in their budgets. But the maximum effectiveness of these federally assisted programs can only be achieved through coordination, which does not now exist.

This bill would make that coordination possible. It would help cities to plan, develop and carry out comprehensive city demonstration programs.

It would make it possible to improve and substantially increase the supply of low- and moderate-cost housing in the cities. It would make it possible for cities to concentrate their educational, health, antipoverty, and social service

programs directly on the large numbers of poor and disadvantaged people who live in slum and blighted neighborhoods. Most important, it would make it possible to treat human needs at the same time physical rehabilitation is being carried out.

This legislation would mobilize and coordinate Federal resources, but it would depend on local initiative. And let me make this point very clear, for once again we are hearing the familiar charge by opponents that this is a Federal takeover; that this is a Federal invasion of local responsibilities. We have all heard this before on programs such as education and medicare. It is a familiar, and false, refrain. Let us put it to rest.

This will be a local program making the best possible coordinated use of Federal resources. It will be planned, developed and carried out by local people. Both the character and the content of the program will be based on the judgment of local people as to their own local needs.

And let us also put to rest the equally false and malicious charge that this bill could be used to force the integration of schools in segregated neighborhoods. Nothing in this bill, according to officials at the Department of Housing and Urban Development who have studied the language, could be used to accomplish this purpose.

As the Washington Post pointed out in an editorial on October 4:

If a Congressman really thinks that the cities do not need help, or that the present chaotic organization of Federal programs is sufficient, or that metropolitan planning is socialistic, then he is justified in voting against the bill. He will be profoundly mistaken, but it will be an honest vote. Deliberately to inject the racial issue into the debate, on the other hand, is a transgression of altogether another magnitude. It is an attempt to defeat a bill on specious grounds.

Mr. Chairman, let us consider this bill on its merits, and as we do, let us bear very clearly in mind that this is not just another project. It does not add more tools or measures to those we already have. Rather, it is a plan to use all of our available tools and resources in a concentrated and coordinated way. It is a tool for dealing in a total way with the total problems of slums, ghettos, and blight.

It is the exact opposite of our past piecemeal approach to urban problems;

It launches a comprehensive attack.

It combines human as well as physical renewal.

It focuses all available resources—local, State, Federal, and private enterprise—in areas of planning, housing, transportation, job-training, health facilities, recreation, education, and welfare programs.

It mobilizes all available talent and skills.

Its objective is the total improvement of the lives of the people who inhabit our cities.

This bill would authorize only \$12 million in planning funds for the present fiscal year. Over the next 2-year period, ending June 30, 1969, it would authorize only an additional \$12 million for plan-

ning and \$900 million for supplementary grants.

Two weeks ago, without a dissenting vote, we passed a \$2-billion measure to combat water pollution. There is no question that these funds were needed. But certainly we can approve half this amount to coordinate the attack on the pressing problems of our central cities. If anything, I would suggest that we have set our sights too low.

Mr. Chairman, the slums of our urban areas did not develop overnight. They are the product of generations of social and economic neglect. This bill gives us an opportunity to reverse that course. It should be approved as a wise investment in our cities and the future of the millions of Americans that live in them. For as the report on the Watts riots so prophetically pointed out:

Of what shall it avail our nation if we can place a man on the moon but cannot cure the sickness in our cities?

(Mr. COHELAN asked and was given permission to revise and extend his remarks.)

Mr. GILBERT. Mr. Chairman, I am pleased to voice my support of S. 3708, the demonstration cities bill. I am one of the sponsors of this legislation which I consider a giant step in responding to the needs of our cities. The facts are clear—there is not a single city in this Nation today able to pay, out of its own pocket, for the cost of solving its total urban problem. If the areas of blight and slum which scar America's city-face, and the problems of the people who live within these slums are to be solved, a massive, coordinated effort will be required of all levels of government. It will not be a panacea for all the ills of our cities, but the legislation before us does represent a coordinated and constructive approach—using all available State, local, Federal, and private resources—to tear down the ghettos and rebuild the blighted areas.

The establishment of the Department of Housing and Urban Development last year, which I strongly supported, provided a focal point for a Federal-local partnership, combining local initiative and local solutions with Federal Government financial and technical assistance. The bill before us will mobilize local initiative and leadership with Federal and private resources.

We all know the various aspects of the total problem our cities face: poor housing, inadequate health facilities, unemployment, congestion, filth, delinquency and increased crime rates, insufficient transportation and recreation facilities—to name but a few. Over the past years, we have attempted to cope with these as separate entities, and while we have had some measure of success, we have not been successful enough. The present condition of our cities—their rapid growth and decay—offers proof of that. Fortunately, the successes and lessons of the past have given some clear directions for advancing into the future.

The demonstration cities program provides for the concerted and coordinated use of our wealth of specialized urban assistance programs. It provides

desperately needed financial assistance to our cities. In a functional combination of these, it provides for the use of people-oriented programs, with which simultaneously to attack the human blight that is inseparable from the city blight.

The supplemental grants of this program do not require dollar-matching performance on the part of the urban areas. The grants are "triggers" which will enable our cities, for the first time, to plan coordinated, overall programs that will interweave various grant-in-aid programs to meet their special needs. It will enable our cities to better pay for their share of widened use of such grant-in-aid programs. It provides for the use of new program aspects, which may be vital to their local problems, but which are not presently funded by grants-in-aid.

We cannot afford to lose our enormous investment in our cities. We cannot afford the prohibitive costs of maintaining slums and blight. In my city of New York, we have over a half million people receiving various forms of public welfare, costing the city, State, and Federal Governments more than a half billion dollars annually. Almost 25 percent of the 2½ million households in New York City have an annual income under \$3,000. Over 1½ million of these live in abject poverty. There are more than a quarter of a million slum buildings in the city.

Nothing short of a massive attack is going to recover and rehabilitate our cities. Suffice it to say that our cities cannot finance programs of this scope. City effort to stabilize their tax revenue through increases have only accelerated the exodus of money sources, personal and industrial, to the suburbs. The physical decay of our cities forces city services to become more costly, and those best able to finance and rehabilitate through more taxes simply leave the cities for the suburbs.

Mr. Chairman, the linkage of programs provided in S. 3708, with the use of existing programs such as urban renewal, low- and moderate-cost housing, deserves our support. The end result will be lasting benefits to the entire city and all its inhabitants—not just the disadvantaged who live in the areas of blight. I believe this legislation gives the best answer to the President's demand for an effort "large in scope"—more comprehensive and more concentrated—than any that has gone before us.

Mr. ROSENTHAL. Mr. Chairman, I rise to give my strongest support for S. 3708. It is a necessary, if small, step in the enormous task that faces us if we are to rescue our cities from blight and further deterioration. We need do little more than look around to see that our cities are in crisis.

Experience has taught that urban renewal programs are ineffective unless they tackle the human problems so intimately related to slum conditions. This bill incorporates that lesson by requiring local communities to draw up comprehensive renewal plans, including social welfare and antipoverty programs, in order to be eligible for the demonstration grants. Viable neighborhoods are

not created with brick and mortar alone. To be truly livable, they must have adequate schools, hospitals, parks, and jobs. These are the only guarantees that the neighborhoods will not deteriorate again. This approach is good because it forces the communities themselves to take the initiative, and insures that hard-core slum problems are tackled at their roots.

The \$900 million to be appropriated over 2 years is not much considering the large number of cities which could use such aid. In an editorial on October 11, the Long Island Press commented that—

It really adds up to only a tentative beginning in an attack on what President Johnson rightly diagnoses as the most important domestic problem. Mayor Lindsay figures New York City alone will need \$50 billion over the next 10 years to bring the city to a decent stage of liveability. The mayor of Detroit figures his town would need \$15 billion over the same period and that the national bill could run as high as \$530 billion.

But, hopefully, by making money available only for those neighborhoods which can draw up comprehensive anti-poverty and urban renewal plans, the cities will demonstrate what a concentrated attack on urban blight can accomplish. These demonstration grants are intended to be catalysts for new initiatives and a prelude to a larger attack on this nationwide problem.

But the real importance of this bill lies in its provisions to rationalize and coordinate the multiplicity of Federal programs arrayed against urban blight. By placing Federal urban programs under one umbrella, the bill would give the newly created Department of Housing and Urban Affairs the clear direction it seeks and a much-needed shot in the arm. HUD's influence with the cities will increase proportionately as it speaks with a single, articulate voice.

To cut or defeat this bill at this time would be myopic in the extreme. To those who argue that passage of this bill would add to inflationary pressures, I answer that if we do not arrest the decline of our cities now, the cost will be so much greater later. Even the small appropriation which it provides for could make a significant contribution to a solution for our cities. I therefore urge that we unite in voting for this bill.

Mr. ANNUNZIO. Mr. Chairman, I wish to express my support for S. 3708.

The critical needs to which its provisions are addressed have been graphically described.

I agree completely with the position that, unless remedy is promptly applied, our urban problems may grow beyond control, and distort our national shape, if indeed they do not endanger our national being. I believe that time is of the essence for taking the most effective measures at our command.

Many arguments have been presented in opposition to the affirmative program to remedy the need. Not one of them stands inspection and not one is forthrightly stated.

It has been alleged that the demonstration cities proposal represents only

the wishful thinking of the Department of Housing and Urban Development.

If this were true, I would like to know how the act came by the full endorsement of groups of such high prestige and diverse interests as, to name but a few—the U.S. Conference of Mayors, and the National Farmer's Union; the National Housing Conference, and the Governor's Conference; the Presbyterian Church Office, and the AFL-CIO; the National League of Cities, and the National Association of County Officials; the National Association of Home Builders, and the National Urban League; the American Institute of Architects, and the National Council of Senior Citizens; the United Community Funds & Councils of America, and the American Public Health Association; the National Federation of Settlements and Neighborhood Centers, and the National Conference of Catholic Women; the National Association of Social Workers, and the National Council of Churches; the National Conference of Catholic Charities, and the Cooperative League of the U.S.A.; the National Jewish Welfare Board.

Here is another illogical opposition argument. One part contends that—

Only a limited number of cities can be expected to participate in the program.

In the next breath, the same voices complain that—

Every city is eligible, and eligibility is going to be used as a "lure" to entice political support.

This is truly confusing, since it is impossible that every city be eligible at the same time only a limited number of cities are eligible.

If these antagonists want to limit the program to some small number of cities, they should say so, and declare in advance what cities or cities' types they want to be included.

The hard facts about participation in the program are stated very clearly on page 14 of our committee report:

The ultimate success to this new program rests upon the ability of local people to assess their own most pressing problems and devise their own solutions to those problems. The cities themselves, by their actions, will determine which of them participate in this program. Those cities which can concentrate their resources, identify their problem areas, and develop sound imaginative solutions will be the first to qualify.

But all cities will benefit from the solutions to urban problems developed through the demonstration cities approach. Your committee is confident that every city will ultimately use this "total attack" approach to solve its urban problems.

I hear it argued—that there could be a transfer of funds within the various programs covered by a city's demonstration plan.

This is untrue. Funds appropriated for the purposes of any existing grant-in-aid program are in no way affected by a demonstration city proposal. Again, let me make reference to the clear language of the committee report, as stated in the fifth and sixth paragraphs of the section "Federal assistance provided"—page 6.

It is argued that small cities will be prevented from participating because of the requirement that a demonstration

city applicant have the necessary administrative machinery to carry out a program.

Again, the argument is entirely false. Let me read to you from the section headed "Participation in the program"—

The Committee intends that the assistance provided by Title I of the bill be given to cities of all sizes and in all parts of the country. This will enable the program to demonstrate the wide range of methods available to deal with the diversity of problems that face cities of all sizes throughout the country.

It has been alleged that title V, which provides mortgage insurance for group practice facilities, is unnecessary, because small business loans can be used for this purpose. In reality, however, nonprofit groups cannot qualify for small business loans and therefore have no access to this financing.

It has been argued that the Interstate and Foreign Commerce Committee considered this proposal, and turned it down. The truth, however, is that this committee took no action but referred the matter to the House Banking and Currency Committee which has jurisdiction over mortgage insurance. Hon. WRIGHT PATMAN, the able chairman of the committee, subsequently introduced appropriate legislation which received favorable consideration.

It has been said there is no need for this provision, but nonprofit groups all over America, in telegrams, letters, an personal testimony, overwhelmingly endorsed title V because of the extreme difficulty they have experienced in securing conventional financing.

It has been claimed that title V would be costly to the Government but this charge is unfounded. I want to emphasize that this is a no-cost proposal, because it is only mortgage insurance, and a premium charge would cover both the costs of administration and the risk of default. In essence, title V of the bill before us would allow the Federal Government to insure mortgages for group practice facilities so that they can obtain the necessary financing. Our committee has closed the door to possible abuses by adding a protective clause which requires that mortgage insurance will not be granted unless positive evidence is presented to the effect that conventional financing is unavailable.

A host of other such opposition arguments have been raised. They are alike in their total lack of merit and in the loose manner with which they handle the facts.

The plain facts are these:

There is a vast need for correction of our central-city problems.

The city demonstration program provides our most knowledgeable tool for initiating the comprehensive remedies that are needed.

No meritorious arguments exist to justify our refusal to put it to work.

I urge my fellow Members to support this important and vitally needed proposal.

Mr. HANLEY. Mr. Chairman, I rise in support of S. 3708, the Demonstration Cities and Metropolitan Development Act of 1966. As the Representative of a great and progressive metropolitan area,

I feel deeply that this legislation is in the best interests of the American city.

Mayor Walsh of Syracuse was recently quoted as saying that—

Cities are in trouble all over the country—

And he continued:

If cities are going to survive, we've got to have Federal aid—some type of aid.

The mayor's point is well taken. The homes of 7 million urban families are dilapidated or deteriorated, and most of these homes are concentrated in slum neighborhoods where good schools, open spaces, and adequate health, social, and recreational facilities are lacking. These are the neighborhoods where social and economic decay are most apparent. Crime and delinquency rates are high, the number of school dropouts is high, the number of unemployed and unemployable persons is high, illiteracy and infant mortality rates are high. These neighborhoods are marked by falling tax revenues, business losses and hard core joblessness. In these areas the costs to the city for social services are very high.

There are those who will say that these problems are not the business of the Federal Government. In my judgment these are the problems of all the levels of government, and they should be of special concern to the Federal level because it is the Government with the financial resources of the magnitude needed to do the job. It is obvious to all those who are interested in the problems of cities that the financial resources of municipal government are too hard pressed to do the job.

When Mayor Walsh said that the cities are in trouble, he was indicating the inability of the city to raise the needed revenue. In my judgment, it is ridiculous to think that the cities have something to learn about urban problems from the Federal Government. Local government does not need any advice about the nature of its problems from the Federal Government, nor do the cities have to be reminded about what must be done. The cities already know these things, they know what is wrong and they know better than any other level of government what must be done. To be very blunt, what the cities want from the Federal Government is money, or if you prefer, financial resources.

There is no question but that the cities are receiving grants in aid from the Federal Government, and I cannot let the opportunity go by to state that there is more aid than ever for more programs than ever, and the 89th Congress is responsible for this fact.

The importance of the bill we debate today rests on the recognition that the cities must be given an opportunity to make the best possible use of all the Federal-aid programs aimed at their problems. That opportunity will come with the large, general-purpose supplemental grant envisioned in the demonstration cities program. This Federal grant will be used by the city to help pay its normal share of the costs of the various Federal grants-in-aid programs. And this is precisely what the cities need at this time. The grant can also be used by the city to pay for new and addi-

tional projects and activities which are a part of the total program of demonstration.

The purpose of the program is to demonstrate what can be done through a comprehensive, concentrated, and coordinated attack, making full use of all of the available Federal, State and local resources, both public and private, to revitalize entire blighted areas within a city.

I strongly support the demonstration cities program because it will demonstrate also a long-overdue recognition by the Federal Government of the initiative, the responsiveness, the dedication, and the resourcefulness of modern American municipal government. We want these programs to be planned at the local level and we want them executed by the local level.

Make no mistake about it, I am interested in this program because I believe that it is in the best interests of the citizens I represent. I want to take this opportunity to quote some of the views on the demonstration cities program expressed by government officials in my congressional district. Thomas E. Ward, director of the Syracuse-Onondaga County Office of Economic Development said that if Syracuse participates in the program, "we can jump the gap between the fragmented attack we have today and the total rebuilding program which the demonstration method makes possible." Mr. Ward is quoted as saying that Syracuse could rebuild the 3,000 acres which surround existing urban renewal projects in the city's inner core. In this doughnut-shaped area live more than 80,000 persons, and in 1963 the area contained almost 8,000 substandard units.

As a demonstration project we could, as President Johnson urges, change the total environment of the neighborhoods and provide schools, parks, playgrounds, community centers and access to all the necessary community facilities.

George Schuster, Syracuse's commissioner of urban improvement, was quoted as saying that the demonstration cities program should help local urban renewal and strengthen the five county regional planning program by providing studies of water resources, mass transportation, water and air pollution, and similar problems. R. Spencer Steele, Syracuse's planning commissioner, said that the demonstration cities program looks like a fantastic program which is badly needed. Mayor William Walsh of Syracuse has indicated to Secretary of Housing and Urban Development Weaver that the demonstration cities program, if properly funded, would provide the legislative tools by which Syracuse could demonstrate its ability to virtually eliminate the problems of substandard housing and poverty.

Mr. Chairman, in my judgment, this legislation is of vital importance to the future of American cities. It carries the endorsement of those who know the most about cities, and those who are most interested in solving the problems of cities.

Mr. OTTINGER. Mr. Chairman, I rise in support of S. 3708.

In my supplementary views in the House Banking and Currency Committee report of July 15, 1966, on H.R. 15890, the House version of this measure, I strongly stated my support for the demonstration cities concept. I said:

I wholeheartedly approve of the approach of the demonstration cities program put forward in this bill. The crisis of urban deterioration is enormous and pressing. It is national in scope. A new approach is desperately needed. The demonstration cities program will show whether concentration of existing Federal programs can succeed in eliminating the blight of slums from substantial areas.

I objected, however, to the "blank check" authorizations in that bill, saying:

The bill contains absolutely no limit or guidelines on the amount to be authorized. I don't think the Banking and Currency Committee of the House should write a blank check.

I pressed forcefully for a realistic appraisal of the program and placement of a firm "price tag" on each item.

I am very pleased that the Senate took this same view and in S. 3708 did, in fact, provide a firm price tag for each item.

I am also pleased that the House Banking and Currency Committee, on which I serve, saw fit to adopt the Senate version on September 1, 1966—and that the administration has also changed its views to meet the objections I had advanced.

The bill as reported to the House now eliminates the unlimited "blank check" authorization for the demonstration cities project provided under title I and authorizes an appropriation not to exceed \$400 million for fiscal 1968 and \$500 million for fiscal 1969, in addition to the \$12 million for planning funds authorized in both bills for this year, fiscal 1967.

There are still problems with this authorization. Nowhere is it specified either how many cities will be included or how extensive a program in each city is contemplated. These facts should be known. Yet, it seems to me that this bill offers a reasonable assurance to the cities that a start will be made, without issuing blank checks we could later regret. The authorizations for future years can always be adjusted upward or downward depending upon the results of the plans submitted by cities and upon the national fiscal situation at the time.

It is no secret that many of the urban renewal and related programs have not been a success in the past. Unconscionable profits have often been made on some housing programs. Too often, urban renewal has meant removal of the poor instead of provision of better housing for them. I feel strongly that the demonstration cities program plans should be examined with greatest care to assure their soundness. They should be administered with a firmness and thoroughness that has not always been the case in the past.

The authorization in S. 3708, however, seems sufficiently conservative to assure a start to the program, while reserving for the authorizing committee adequate opportunity to examine each of the pro-

jects for those that are worthy of continuing support.

I am also pleased that the other "blank checks" in the bill, to which I pointed in my supplemental views, have also been eliminated. Thus, metropolitan planned development now carries a \$75 million, 2-year price tag; and the "blank check" for technical research advances is now replaced by a \$15 million, 2-year authorization.

These changes substantially meet my objections to the original House version of this legislation. I therefore feel I can now wholeheartedly support the bill and urge my colleagues to do the same.

Mr. PATMAN. Mr. Chairman, I have no further requests for time, and ask that the Clerk now read.

The CHAIRMAN. Is no further time being requested by the gentleman from New Jersey?

Mr. WIDNALL. No, Mr. Chairman.

The CHAIRMAN. No other time is being requested by the gentleman from Texas?

Mr. PATMAN. That is correct.

The CHAIRMAN. There being no further time requested, the Clerk will read.

Under the rule, the committee substitute now in the bill will be read by titles instead of by section. The Clerk will now read by title the substitute committee amendment, which is printed in the reported bill as an original bill for the purpose of amendment.

The Clerk will read.

The Clerk proceeded to read the bill.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that further reading of the bill be dispensed with and that it be printed in the RECORD and open for amendment.

Mr. WIDNALL. Mr. Chairman, reserving the right to object, does that mean that if no objection is made tomorrow, the entire bill will be considered as read and open for amendment at any place?

The CHAIRMAN. That is correct, under the request of the gentleman from Texas.

Mr. PATMAN. Mr. Chairman, I ask, as I intended to ask, unanimous consent that further reading of title I be dispensed with, that it be printed in the RECORD, and open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. HALL. Mr. Chairman, reserving the right to object, and I think I shall not object to this, may we have a statement from the gentleman in charge of the handling of the bill on the majority side about the intention as far as further activity of the committee is concerned?

Mr. PATMAN. We expect the Committee to rise. A motion will be made that the Committee do now rise, and tomorrow we will start on title I. Any amendments to the title will be germane first.

The CHAIRMAN. That is my understanding. Does the gentleman withdraw his reservation of objection?

Mr. HALL. Mr. Chairman, further reserving the right to object, as I indicated the first time, I will withdraw it in good time. I am wondering why we do not proceed on title I, since it is probably the shank of the evening, as far as the time to which we worked last evening is concerned, and in view of the rush toward adjournment is concerned?

The CHAIRMAN. I may say to the gentleman from Missouri that that is the will of the committee.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HALL. I am glad to yield to the distinguished Speaker.

Mr. McCORMACK. The gentleman is entitled to complete information. Of course, the rule called for 6 hours of general debate. Due to the fine leadership on both sides—

Mr. HALL. And the cooperation of the Members.

Mr. McCORMACK. And the cooperation of the Members, precisely—I am glad the gentleman said that—apparently all the 6 hours were not used. It was based on that; the belief that the 6 hours would take us rather late into the night—not too late, but late enough. In conference with the minority leader, we agreed that after the general debate had been closed the amendment stage would start tomorrow, with the further agreement or understanding that we would meet at 11 o'clock tomorrow.

I would agree that if we had known it was going to be as early as this I do not believe either one of us would have entered into that understanding, but we were doing so because of our respect for and feeling for the Members of the House.

So, thoroughly agreeing with my friend from Missouri that we did not expect to arrive at this stage at this hour, I believe the House has done a good job today. I am satisfied.

Mr. HALL. Mr. Chairman, I appreciate the words of the Speaker, and I appreciate his leadership. I certainly appreciate what he is trying to do out of comity and commitment to the other Members.

As I said at the beginning, I shall not object.

I wonder if the Speaker or the leadership handling the bill could give us further assurance that we will come to a final conclusion within a reasonable time tomorrow and get some of the rest of our business on the program for the week completed.

Mr. McCORMACK. I am very happy to hear the gentleman from Missouri say that, because I will cooperate in every way possible to get this bill through.

I might also say I discussed with the minority leader the question of meeting at 10 o'clock tomorrow, but some situation arose, which was very proper. I recognized this. In talking with the minority leader I said we would ask for 11 o'clock. I realize it will be by unanimous consent, whether 10 o'clock or 11 o'clock.

If we meet at 11 o'clock, it will be with the understanding that we would dispose of this bill tomorrow.

I might also say, for the information of Members of the House, so that the

Members will be alerted, after the disposition of this bill tomorrow, if it is in order, because of other necessities in connection with the adjournment of the House, we would call up the conference report on the bill to improve the hopes and aspirations of countless millions of Americans in their future lives, known as the antipoverty bill.

Mr. HALL. Mr. Chairman, again I appreciate the portrayal of things to come by the distinguished Speaker, who has in his charge the programing of all business of this House.

There is another bill or two on the program for the week. Do I correctly understand that after we complete this bill tomorrow and the conference report on the antipoverty bill it is planned to adjourn over until Monday?

Mr. McCORMACK. If we complete that tomorrow, I would feel that the Membership of the House had been so cooperative that we should go over until Monday.

Mr. HALL. Mr. Chairman, I gladly withdraw my reservation.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. ARENDS. Mr. Chairman, further reserving the right to object—and of course I shall not object—if I understood the Speaker correctly, it is hoped to take up the conference report on the so-called poverty bill tomorrow?

Mr. McCORMACK. The bill to improve the hopes and aspirations of countless millions of Americans, known as the so-called antipoverty bill.

Mr. ARENDS. That has not been filed as yet.

Mr. McCORMACK. No; but I believe they are going to ask unanimous consent to do so. I hope so.

Mr. ARENDS. That will have to be done by unanimous consent, to have permission to file tonight so that it can be considered tomorrow.

Mr. McCORMACK. It would have to be filed by midnight tonight.

Mr. ARENDS. If unanimous consent were granted to file by midnight tonight, it would be in order tomorrow; otherwise, not.

Mr. McCORMACK. Of course. If anyone objected, he would only be prolonging it and making it more difficult in connection with October 22.

We all have problems. I have my problems. I am trying to cooperate to the fullest extent possible.

Mr. HALL. Mr. Chairman, will the gentleman yield?

Mr. ARENDS. I yield to the gentleman from Missouri.

Mr. HALL. I want to point out that I think everyone is trying to cooperate in this haste for adjournment. I think there has not been but one quorum call today. We have certainly cooperated with Columbus' birthday yesterday and put votes over for the convenience of one Member. I know many people who have canceled trips home this evening, members of the usual T. and T. Club, who will not be able to make accommodations for tomorrow evening. Some of them are going by fast jet on Saturday if time permits in this respect. Certainly the dis-

tinguished Speaker himself will recall we considered en bloc the Private Calendar bills on Tuesday in order to expedite the proceedings of the House, albeit we had not met hardly at all on Monday afternoon of this week. So we must work together and cooperate if we are to adjourn and go home at all. But on the other hand, we must exercise the epitome of programing and using the time we do have if we are to accomplish what we must before we adjourn sine die.

Mr. McCORMACK. I thoroughly agree with the gentleman from Missouri. Again there are certain practical considerations. I have the whole picture to view. I have profound respect and friendship for every one of my colleagues without regard to what side of the aisle they sit on. To the fullest extent humanly possible I try to cooperate with them. Again last Monday we did not expect that the bills would get through as quickly as they did. It was a remarkable exhibition of speed. When I programed them, I reasonably anticipated those bills would probably take considerably longer than they did. However, the Members of the House in their sound judgment disposed of them much quicker than we had expected. Still there are other factors involved.

Mr. HALL. There are other factors, Mr. Chairman. I know about the Committee on the Judiciary, and I have been advised about that. I know about last Monday afternoon. But you do not plumb the depths of our heart with the wellsprings of human consideration that wells up therefrom in order to expedite this adjournment so that we can go home and tell our people the truth about what is going on in Washington.

Mr. McCORMACK. That is true. Might I say that the Speaker and the leadership on both sides would like to leave without being considered one who is dictating or undertaking to dictate. There is a marked difference between leadership and arbitrary action.

Mr. ARENDS. Mr. Chairman, further reserving the right to object, I brought this matter up only for this reason. Many changes have been made in the poverty conference report, and in order that the membership of this House will know and become fully acquainted with what is in the conference report now, we must have some time to consider it. That is the only reason why I bring this up. Tomorrow will apparently be a bad day around here as far as absenteeism is concerned on both sides of the aisle.

Mr. McCORMACK. I hope it will only be on your side.

Mr. ARENDS. I know that.

Mr. McCORMACK. But knowing my friend from Illinois, I approach it with some degree of caution.

Mr. ARENDS. Very well. Thank you.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. The reservation of objection is withdrawn.

Since this is the time for talking, may I say for the Chair that I am very grateful to the Committee for the very high level of the debate today and the expedition that was shown here as you promised me it would be. We return now to the

regular order, which is the unanimous-consent request of the gentleman from Texas that further reading of title I of the bill be dispensed with and that it be open for amendment.

Is there objection to the request of the gentleman from Texas?

There was no objection.

Title I is as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Demonstration Cities and Metropolitan Development Act of 1966".

TITLE I— COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

Findings and declaration of purpose

SEC. 101. The Congress hereby finds and declares that improving the quality of urban life is the most critical domestic problem facing the United States. The persistence of widespread urban slums and blight, the concentration of persons of low income in older urban areas, and the unmet needs for additional housing and community facilities and services arising from rapid expansion of our urban population have resulted in a marked deterioration in the quality of the environment and the lives of large numbers of our people while the Nation as a whole prospers.

The Congress further finds and declares that cities, of all sizes, do not have adequate resources to deal effectively with the critical problems facing them, and that Federal assistance in addition to that now authorized by the urban renewal program and other existing Federal grant-in-aid programs is essential to enable cities to plan, develop, and conduct programs to improve their physical environment, increase their supply of adequate housing for low- and moderate-income people, and provide educational and social services vital to health and welfare.

The purposes of this title are to provide additional financial and technical assistance to enable cities of all sizes (with equal regard to the problems of small as well as large cities) to plan, develop, and carry out locally prepared and scheduled comprehensive city demonstration programs containing new and imaginative proposals to rebuild or revitalize large slum and blighted areas; to expand housing, job, and income opportunities; to reduce dependence on welfare payments; to improve educational facilities and programs; to combat disease and ill health; to reduce the incidence of crime and delinquency; to enhance recreational and cultural opportunities; to establish better access between homes and jobs; and generally to improve living conditions for the people who live in such areas, and to accomplish these objectives through the most effective and economical concentration and coordination of Federal, State, and local public and private efforts to improve the quality of urban life.

Basic authority

SEC. 102. The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to make grants and provide technical assistance, as provided by this title, to enable city demonstration agencies (as defined in section 112 (2)) to plan, develop, and carry out comprehensive city demonstration programs in accordance with the purposes of this title.

Eligibility for assistance

SEC. 103. (a) A comprehensive city demonstration program is eligible for assistance under sections 105 and 107 only if—

(1) physical and social problems in the area of the city covered by the program are such that a comprehensive city demonstration program is necessary to carry out the policy of the Congress as expressed in section 101;

(2) the program is of sufficient magnitude to make a substantial impact on the physical and social problems and to remove or arrest blight and decay in entire sections of neighborhoods; to contribute to the sound development of the entire city; to make marked progress in reducing social and educational disadvantages, ill health, underemployment, and enforced idleness; and to provide educational, health, and social services necessary to serve the poor and disadvantaged in the area, widespread citizen participation in the program, maximum opportunities for employing residents of the area in all phases of the program, and enlarged opportunities for work and training;

(3) the program, including rebuilding or restoration, will contribute to a well-balanced city with a substantial increase in the supply of standard housing of low and moderate cost, maximum opportunities in the choice of housing accommodations for all citizens of all income levels, adequate public facilities (including those needed for education, health and social services, transportation, and recreation), commercial facilities adequate to serve the residential areas, and ease of access between the residential areas and centers of employment;

(4) the various projects and activities to be undertaken in connection with such programs are scheduled to be initiated within a reasonably short period of time; adequate local resources are, or will be, available for the completion of the program as scheduled, and, in the carrying out of the program, the fullest utilization possible will be made of private initiative and enterprise; administrative machinery is available at the local level for carrying out the program on a consolidated and coordinated basis; substantive local laws, regulations, and other requirements are, or can be expected to be, consistent with the objectives of the program; there exists a relocation plan meeting the requirements of the regulations referred to in section 107; the local governing body has approved the program and, where appropriate, applications for assistance under the program; agencies whose cooperation is necessary to the success of the program have indicated their intent to furnish such cooperation; the program is consistent with comprehensive planning for the entire urban or metropolitan area; and the locality will maintain, during the period an approved comprehensive city demonstration program is being carried out, a level of aggregate expenditures for activities similar to those being assisted under this title which is not less than the level of aggregate expenditures for such activities prior to initiation of the comprehensive city demonstration program; and

(5) the program meets such additional requirements as the Secretary may establish to carry out the purposes of this title.

(b) In implementing this title the Secretary shall—

(1) emphasize local initiative in the planning, development, and implementation of comprehensive city demonstration programs;

(2) insure, in conjunction with other appropriate Federal departments and agencies and at the direction of the President, maximum coordination of Federal assistance provided in connection with this title, prompt response to local initiative, and maximum flexibility in programming, consistent with the requirements of laws and sound administrative practice; and

(3) encourage city demonstration agencies to (A) enhance neighborhoods by applying a high standard of design, (B) maintain, as appropriate, natural and historic sites and distinctive neighborhood characteristics, and (C) make maximum possible use of new and improved technology and design, including cost reduction techniques.

(c) The preparation of demonstration city

programs should include to the maximum extent feasible (1) the performance of analyses that provide explicit and systematic comparisons of the costs and benefits, financial and otherwise of alternative possible actions or courses of action designed to fulfill urban needs; and (2) the establishment of programming systems designed to assure effective use of such analyses by city demonstration agencies and by other government bodies.

Financial assistance for planning comprehensive city demonstration programs

SEC. 104. (a) The Secretary is authorized to make grants to, and to contract with, city demonstration agencies to pay 80 per centum of the costs of planning and developing comprehensive city demonstration programs.

(b) Financial assistance will be provided under this section only if (1) the application for such assistance has been approved by the local governing body of the city, and (2) the Secretary has determined that there exist (A) administrative machinery through which coordination of all related planning activities of local agencies can be achieved, and (B) evidence that necessary cooperation of agencies engaged in related local planning can be obtained.

Financial assistance for approved comprehensive city demonstration programs

SEC. 105. (a) The Secretary is authorized to approve comprehensive city demonstration programs if, after review of the plans, he determines that such plans satisfy the criteria for such programs set forth in section 103.

(b) The Secretary is authorized to make grants to, and to contract with, city demonstration agencies to pay 80 per centum of the cost of administering approved comprehensive city demonstration programs, but not the cost of administering any project or activity assisted under a Federal grant-in-aid program.

(c) To assist the city to carry out the projects or activities included within an approved comprehensive city demonstration program, the Secretary is authorized to make grants to the city demonstration agency of not to exceed 80 per centum of the aggregate amount of non-Federal contributions otherwise required to be made to all projects or activities assisted by Federal grant-in-aid programs (as defined in section 112(1)) which are carried out in connection with such demonstration programs: *Provided*, That no Federal grant-in-aid program shall be considered to be carried out in connection with such demonstration program unless it is closely related to the physical and social problems in the area of the city covered by the program and unless it can reasonably be expected to have a noticeable effect upon such problems. The specific amount of any such grant shall take into account the number and intensity of the economic and social pressures in the sections or neighborhoods involved, such as those involving or resulting from population density, poverty levels, unemployment rate, public welfare participation, educational levels, health and disease characteristics, crime and delinquency rate, and degree of substandard and dilapidated housing. The amount of non-Federal contribution required for each project in a Federal grant-in-aid program shall be certified to the Secretary by the Federal department or agency (other than the Department of Housing and Urban Development) administering such program, and the Secretary shall accept such certification in computing the grants hereunder.

(d) Grant funds provided pursuant to subsection (c) of this section shall be used for projects or activities assisted under a Federal grant-in-aid program which are undertaken as part of an approved comprehensive city demonstration program, or for other projects or activities undertaken as

part of such demonstration program. If used for projects or activities assisted under a Federal grant-in-aid program which are undertaken as part of such demonstration program, funds provided pursuant to subsection (c) shall be credited as part or all of the required non-Federal contribution to such projects or activities. Such grant funds, however, shall not be used—

(1) for the general administration of local governments; or

(2) to replace non-Federal contributions in any federally aided project or activity included in an approved comprehensive city demonstration program, if prior to the filing of an application for assistance under section 104 an agreement has been entered into with any Federal agency obligating such non-Federal contributions with respect to such project or activity.

Technical assistance

SEC. 106. The Secretary is authorized to undertake such activities as he determines to be desirable to provide, either directly or by contracts or other arrangements, technical assistance to city demonstration agencies to assist such agencies in planning, developing, and administering comprehensive city demonstration programs.

Relocation requirements and payments

SEC. 107. (a) A comprehensive city demonstration program shall include a plan for the relocation of individuals, families, business concerns, and nonprofit organizations displaced or to be displaced in the carrying out of such program. The relocation plan shall be consistent with regulations prescribed by the Secretary to assure that (1) the provisions and procedures included in the plan meet relocation standards equivalent to those prescribed under section 105(c) of the Housing Act of 1949 with respect to urban renewal projects assisted under title I of that Act, and (2) relocation activities are coordinated to the maximum extent feasible with the increase in the supply of decent, safe, and sanitary housing for families and individuals of low or moderate income, as provided under the comprehensive city demonstration program, or otherwise, in order to best maintain the available supply of housing for all such families and individuals throughout the city.

(b) (1) To the extent not otherwise authorized under any Federal law, financial assistance extended to a city demonstration agency under section 105 shall include grants to cover the full cost of relocation payments, as herein defined. Such grants shall be in addition to other financial assistance extended to such agency under section 105.

(2) The term "relocation payments" means payments by a city demonstration agency to a displaced individual, family, business concern, or nonprofit organization which are made on such terms and conditions and subject to such limitations (to the extent applicable, but not including the date of displacement) as are provided for relocation payments, at the time such payments are approved, by section 114 (b), (c), (d), and (e) of the Housing Act of 1949 with respect to projects assisted under title I thereof.

(c) Subsection (b) shall not be applicable with respect to any displacement occurring prior to the date the enactment of this Act.

Continued availability of Federal grant-in-aid program funds

SEC. 108. Notwithstanding any other provision of law, unless hereafter enacted expressly in limitation of the provisions of this section, funds appropriated for a Federal grant-in-aid program which are reserved for any projects or activities assisted under such grant-in-aid program and un-

dertaken in connection with an approved comprehensive city demonstration program shall remain available until expended.

Consultation

SEC. 109. In carrying out the provisions of this title, including the issuance of regulations, the Secretary shall consult with other Federal departments and agencies administering Federal grant-in-aid programs. The Secretary shall consult with each Federal department and agency affected by each comprehensive city demonstration program before entering into a commitment to make grants for such program under section 105.

Labor standards

SEC. 110. (a) All laborers and mechanics employed by contractors or subcontractors in the construction, rehabilitation, alteration, or repair of projects which—

(1) are federally assisted in whole or in part under this title and

(2) are not otherwise subject to section 212 of the National Housing Act, section 16 (2) of the United States Housing Act of 1937, section 109 of the Housing Act of 1949, or any other provision of Federal law imposing labor standards on federally assisted construction,

shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5): *Provided*, That this section shall apply to the construction, rehabilitation, alteration, or repair of residential property only if such residential property is designed for residential use for eight or more families. No financial assistance shall be extended to any such projects unless adequate assurance is first obtained that these labor standards will be maintained upon the construction work.

(b) The Secretary of Labor shall have, with respect to the labor standards specified in subsection (a), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c), and the Contract Work Hours Standards Act (76 Stat. 357).

Appropriations

SEC. 111. (a) There are authorized to be appropriated, for the purpose of financial assistance and administrative expenses under sections 104 and 106, not to exceed \$12,000,000 for the fiscal year ending June 30, 1967, and not to exceed \$12,000,000 for the fiscal year ending June 30, 1968.

(b) There are authorized to be appropriated, for the purpose of financial assistance and administrative expenses under sections 105, 106, and 107, not to exceed \$400,000,000 for the fiscal year ending June 30, 1968, and not to exceed \$500,000,000 for the fiscal year ending June 30, 1969.

(c) Appropriations authorized under this section shall remain available until expended.

Definitions

SEC. 112. As used in this title—

(1) "Federal grant-in-aid program" means a program of Federal financial assistance other than loans and other than the assistance provided by this title.

(2) "City demonstration agency" means the city, the county, or any local public agency established or designated by the local governing body of such city or county to administer the comprehensive city demonstration program.

(3) "City" means any municipality (or two or more municipalities acting jointly) or any county or other public body (or two or more acting jointly) having general governmental powers.

(4) "Local" agencies include State agencies and instrumentalities providing services or resources to a city or locality, and "local" resources include those provided to a city or locality by a State or its agency or instrumentality.

Grant authority for urban renewal projects which are part of approved comprehensive city demonstration programs

SEC. 113. Section 103(b) of the Housing Act of 1949 is amended by inserting after the first sentence the following new sentence: "In addition to the authority to make grants provided in the first sentence of this subsection, the Secretary may contract to make grants under this title, on or after July 1, 1967, in an amount not to exceed \$250,000,000: *Provided*, That the authority to contract to make grants provided by this sentence shall be exercised only with respect to an urban renewal project which is identified and scheduled to be carried out as one of the projects or activities included within an approved comprehensive city demonstration program assisted under the provisions of section 105(c) of the Demonstration Cities and Metropolitan Development Act of 1966."

State limit

SEC. 114. Grants made under section 105 for projects in any one State shall not exceed in the aggregate 15 per centum of the aggregate amount of funds authorized to be appropriated under section 111.

Mr. PATMAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. FLOOD, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 3708) to assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE TO EXTEND

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to extend their remarks and to include extraneous matter on the Demonstration Cities and Metropolitan Development Act of 1966.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

ECONOMIC OPPORTUNITY ACT AMENDMENTS OF 1966

Mr. GIBBONS. Mr. Speaker, I ask unanimous consent that the Committee on Education and Labor have until midnight tonight to file a conference report on H.R. 15111, to provide for continued progress in the Nation's war on poverty.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

Mr. ARENDS. Mr. Speaker, reserving the right to object, I would like to ask if

the gentleman from Florida [Mr. GIBBONS] would at this time delay his request momentarily?

Mr. GIBBONS. I shall be glad to do so.

FUR SEAL ACT OF 1966

Mr. LENNON submitted the following conference report and statement on the bill (S. 2102) to protect and conserve the North Pacific fur seals, and to administer the Pribilof Islands for the conservation of fur seals and other wildlife, and for other purposes.

The conference report and statement follow:

CONFERENCE REPORT (H. REPT. NO. 2274)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2102) to protect and conserve the North Pacific fur seals, and to administer the Pribilof Islands for the conservation of fur seals and other wildlife, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendments of the House numbered 1, 2, 3, 4, 8, 9, 10, and 11, and agree to the same.

Amendment numbered 5: That the Senate recede from its disagreement to the amendment of the House numbered 5 and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the House amendment, insert the matter proposed to be inserted by the House amendment, and on page 10, line 23, of the Senate engrossed bill, immediately after "section" insert: "and the costs of such items, including medical and dental care, shall be charged to the budget of the Secretary of Health, Education, and Welfare".

And the House agree to the same.

Amendment numbered 6: That the Senate recede from its disagreement to the amendment of the House numbered 6 and agree to the same with amendments as follows: Restore the matter proposed to be stricken out by the House amendment and on page 10, line 25, of the Senate engrossed bill, strike out "Surgeon General of the Public Health Service" and insert: "Secretary of Health, Education, and Welfare".

And the House agree to the same.

Amendment numbered 7: That the Senate recede from its disagreement to the amendment of the House numbered 7 and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the House amendment, and in lieu of the matter proposed to be inserted by the House amendment, insert the following: "the title conveyed is inalienable for a period of twenty years from the date of conveyance except upon approval of the Secretary. Any deed issued after twenty years from the date of conveyance shall not require approval of the Secretary."

And the House agree to the same.

Amendment numbered 12: That the Senate recede from its disagreement to the amendment of the House numbered 12 and agree to the same with an amendment as follows: Page 4, beginning in line 1 of the House engrossed amendments, strike out "this Act and to the civil service retirement and disability fund pursuant to section 208 of this Act." and insert in lieu thereof the following: "section 206 of the Fur Seal Act of 1966 and

to the civil service retirement and disability fund pursuant to section 208 of the Fur Seal Act of 1966. In administering the Pribilof Islands fund established by section 407 of the Fur Seal Act of 1966, the Secretary shall consult with the State of Alaska annually."

And the House agree to the same.

ALTON LENNON,
HARLAN HAGEN,
THOMAS DOWNING,
THOMAS M. PELLY,
HASTINGS KEITH,

Managers on the Part of the House.

E. L. BARTLETT,
WARREN G. MAGNUSON,
WINSTON L. PROUTY,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2102) to protect and conserve the North Pacific fur seals, and to administer the Pribilof Islands for the conservation of fur seals and other wildlife, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The following House amendments made technical, clerical, clarifying, or conforming changes: 1, 2, 3, 8, 9, 10, and 11. With respect to these amendments the Senate recedes. The remaining House amendments are discussed below:

Amendment No. 4: Section 204(a) of the Senate bill contained a requirement that when the State of Alaska assumed the responsibility for furnishing education to the natives of the Pribilof Islands it also assumed the full cost of educating these natives. Up to now the costs of furnishing such education has been financed from the Pribilof Islands fund. The House amendment would assure that such costs will continue to be paid from the Pribilof Islands fund.

The Senate recedes.

Amendments Nos. 5 and 6: Section 205 of the Senate bill authorized the Surgeon General of the Public Health Service to take over entirely the operation of the Pribilof Islands medical program and intended that the funding of the program be through the regular budget of the Public Health Service rather than charged against the Pribilof Islands fund. The House amendments deleted references to the Surgeon General and substituted references to the Secretary of Health, Education, and Welfare to conform with changes in existing law effected by Reorganization Plan No. 3 of 1966, effective June 25, 1966. The House amendments also deleted as unnecessary the language of the Senate bill relating to the authority of the Surgeon General to contract for medical services. Under the House amendments, the medical program would be funded, as in the past, from the Pribilof Islands fund.

The Senate recedes with amendments which accept the substitution of references to the Secretary of Health, Education, and Welfare in lieu of references to the Surgeon General, but add language making it clear that the costs of the medical program will be charged to the regular budget of the Secretary of Health, Education, and Welfare, and restoring the Senate language relating to the authority of the Secretary to contract for medical services.

Amendment No. 7: Section 206(a) of the Senate bill provided for a method of conveying title to lots in a townsite to natives of the Pribilof Islands for the purpose of

fostering self-sufficiency and encouraging the development of local self-government. Each title so conveyed would be inalienable for a period of ten years from the date of enactment of this legislation except with the approval of the Secretary of the Interior. The House amendment provided that such title would be inalienable forever except with the approval of the Secretary.

The Senate recedes with an amendment which provides that such title will be inalienable for a period of twenty years from the date of conveyance, rather than the date of enactment of this legislation, except with the approval of the Secretary.

Amendment No. 12: Section 408(b) of the Senate bill contained a provision dealing with the manner of determining the net proceeds from sales made under this legislation. The Senate bill enumerated certain cost items, such as payments to municipal corporations established under this legislation, required to be deducted in determining such net proceeds. The House amendment added to the list of cost items to be deducted payments to the civil service retirement and disability fund under this legislation.

The Senate recedes with amendments making technical corrections and adding a requirement that the Secretary of the Interior shall consult annually with the State of Alaska in administering the Pribilof Islands fund established by this legislation.

ALTON LENNON,
HARLAN HAGEN,
THOMAS N. DOWNING,
THOMAS M. PELLY,
HASTINGS KEITH,

Managers on the Part of the House.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 11660. An act relating to interest on income tax refunds made within 45 days after the filing of the tax return, and for other purposes;

H.R. 11782. An act to amend the Internal Revenue Code of 1954 to allow a deduction for additions to a reserve for certain guaranteed debt obligations, and for other purposes;

H.R. 16715. An act to amend the Manpower Development and Training Act of 1962;

H.R. 16774. An act to continue for a temporary period certain existing rules relating to the deductibility of accrued vacation pay; and

H.R. 17190. An act to authorize the establishment and operation by Gallaudet College of a model secondary school for the deaf to serve the National Capital region.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 3488. An act to grant the consent of Congress for the States of Virginia and Maryland and the District of Columbia to amend the Washington Metropolitan Area Transit Regulation Compact to establish an organization empowered to provide transit facilities in the National Capital Region and for other purposes and to enact said amendment for the District Columbia.

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

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Issued Oct. 17, 1966
For actions of Oct. 14, 1966
89th-2nd; No. 177

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HIGHLIGHTS: House passed demonstration cities bill including rural-housing amendments. House received conference report on packaging-labeling bill. House committee reported supplemental appropriation bill.

HOUSE

- 1. HOUSING LOANS.** Passed, 178-141, with amendments S. 3708, the proposed Demonstration Cities and Metropolitan Development Act of 1966, which includes amendments to the rural-housing law. House conferees were appointed. Senate conferees have not been appointed. pp. 25857-931, 25951
- 2. PACKAGING AND LABELING.** Received the conference report on S. 985, to prevent the use of unfair or deceptive methods of packaging or labeling of certain consumer commodities (H. Rept. 2286). pp. 25937-40

3. APPROPRIATIONS. The Appropriations Committee reported H. R. 18381, the supplemental appropriation bill (H. Rept. 2284). p. 25996
Agreed to the conference report on H. R. 17637, the military construction appropriation bill. pp. 25933-4
Conferees were appointed on H. R. 17636, the D. C. appropriation bill. Senate conferees have been appointed. p. 25851
Rep. Mahon reviewed congressional action on appropriation requests and inserted a table on this matter. pp. 25980-2
4. CROP-LIVESTOCK ESTIMATES. Rep. Whitten commended the work done under the Department's crop and livestock reporting system. p. 25942
5. EDUCATION. Conferees were appointed on H. R. 14644, to extend and amend the Higher Education Facilities Act. Senate conferees have been appointed. p. 25932
Substitute Republican House conferees were appointed on H. R. 13161, to provide for additional aid to elementary and secondary schools. p. 25932
6. INTEREST RATES. Rep. Patman spoke against high interest rates and Federal Reserve Board policies. pp. 25940-2
7. FARM PROGRAM. Rep. Nelsen inserted the Farm Journal Poll and asked what poll Secretary Freeman is reading. pp. 25949-51
Rep. Langen claimed Secretary Freeman is "antifarmer" and asked that he resign. pp. 25953-4
8. FOOD PRICES. Rep. McVicker gave a program to combat high food prices, especially through consumer resistance. pp. 25992-4
9. INFORMATION. Rep. Morton inserted an article saying the new "freedom of information" law will not protect the public's "right to know" unless the people are vigilant. pp. 25951-3
10. REDWOOD PARK. Rep. Cohelan spoke in favor of establishment of a Redwood National Park. p. 25995
11. TARIFF. The Ways and Means Committee reported without amendment H. R. 13363, to extend the time within which certain requests may be filed under the Tariff Schedules Technical Amendments Act of 1965 (H. Rept. 2281). p. 25996
This Committee also reported without amendment H. R. 16160, to amend the tariff schedules regarding classification of Chinese gooseberries (H. Rept. 2282). p. 25996
12. FARM LOANS. The Agriculture Committee reported with amendments H. R. 9151, to permit release of valueless Farmers Home Administration liens (H. Rept. 2279). p. 25996
13. TAXATION. The Ways and Means Committee voted to report (but did not actually report) H. R. 7030, amended, to allow a farmer to deduct from gross income water assessments levied by irrigation ditch companies, etc. p. D1006
14. LEGISLATIVE PROGRAM. Rep. Boggs announced the legislative program: Mon., Consent Calendar and various bills under suspension of the rules, which he listed; Tues., Private Calendar; Tues. and balance of week, supplemental appropriation bill and other measures, which he listed. pp. 25932-3

bill. The bill now before us is the outgrowth of the Douglas-O'Hara bill of 13 years ago. It is not all that I would have it, but it will save for science, for history, and for future generations a considerable portion of the dunes and give to millions of people in Chicago, as well as in other congested areas of the region, a beautiful seashore for recreation and for relaxation. It has well been worth the 13 years of hard driving work that has gone into the fight, and I am happy to have had the privilege of being a participant in that fight from the onset.

The district that I have the honor to represent lies very close to the dunes. During the 13 years that the project has been before the Congress, I have received thousands of letters from my constituents urging its authorizations. I would say that I have received more mail, all favorable, on this bill than any other one measure.

Too much credit cannot be given the senior Senator from Illinois, who has earned the gratitude of America's millions of nature lovers by his stanch championship over the years of this good measure, at times combating discouraging odds. I deem it one of my greatest honors to have worked with him, introducing in the House the original bill in 1953 that Senator DOUGLAS introduced in the other body.

I am confident that today the House will pass the pending bill, with an amendment extending the area of the seashore and making it joyously acceptable to my constituents.

In conclusion I extend my congratulations to the gentleman from Indiana [Mr. ROUSH] and the gentleman from Arizona [Mr. UDALL] for a masterful job of leadership and convey to them, and their coworkers, expression of the undying appreciation of my constituents.

Mr. REID of New York. Mr. Speaker, we have just passed—with my affirmative vote—H.R. 51, a bill to provide for the establishment of the Indiana Dunes National Lakeshore. I would like to state for the record that had I been present I would also have voted for the amendment to the bill offered by the gentleman from Arizona [Mr. UDALL]. This amendment adds an additional 478 acres and a mile-long stretch of beach to the national lakeshore. It is a vital part of the bill, and I am happy it was adopted before final passage.

Because of the dense fog over Washington this morning, the 9 a.m. plane from LaGuardia—normally a 1-hour trip—did not land at National Airport until almost noon. Therefore, I was not present for the rollcall vote on the Udall amendment—which I strongly support.

GENERAL LEAVE TO EXTEND

Mr. UDALL. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

AUTHORIZING 30-DAY LEAVE FOR MEMBER OF UNIFORMED SERVICE WHO VOLUNTARILY EXTENDS TOUR OF DUTY

Mr. PRICE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 15748) to amend title 10, United States Code, to authorize a special 30-day period of leave for a member of a uniformed service who voluntarily extends his tour of duty in a hostile fire area, with an amendment of the Senate thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 10, strike out "title," " and insert "title. The provisions of this subsection shall be effective only in the case of members who extend their required tours of duty on or before June 30, 1968."

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. HALL. Mr. Speaker, reserving the right to object, will the gentleman from Illinois advise the House that the Senate amendment, as read by the Clerk, is the only change in the bill as passed by the House and that all Senate changes are germane and in accordance with the House rules?

Mr. PRICE. The gentleman is correct.

The Senate amendment has to do with the date change and is the only change in the bill from the version passed by the House previously.

Mr. HALL. Mr. Speaker, I withdraw my reservation of objection.

(Mr. PRICE asked and was given permission to revise and extend his remarks.)

Mr. PRICE. Mr. Speaker, the purpose of H.R. 15748 is to provide men serving in Vietnam an incentive to voluntarily extend their tour of duty. It would provide a 30-day leave, not chargeable to any other leave account, for individuals who voluntarily extend their tour for at least 6 additional months in a hostile fire area. The leave would be at a selected location, which in most cases could be expected to be in the United States, and transportation would be provided at Government expense.

The Senate added one amendment which provides that the authority under the bill would expire on June 30, 1968. The Senate felt that while the legislation is desirable at the present time, the authority should not be in the form of permanent legislation. The authority could always be extended if circumstance necessitates at a later date.

A normal tour of duty at present is 12 months. From the military standpoint, it would be advisable to have longer tours, particularly for individuals in positions of leadership, positions involving close liaison with Vietnamese or other forces, and positions involving civic actions and critical skills. However, an increase in the length of tour would not be equitable except on a voluntary basis. The intent of H.R. 15748 is to provide an

incentive to persons in Vietnam to voluntarily extend their tour of duty.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. PRICE]?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966

Mr. PATMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (S. 3708) to assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, S. 3708, with Mr. FLOOD in the chair.

The CHAIRMAN. The House is in the Committee of the Whole House on the State of the Union for the further consideration of the bill S. 3708, which the Clerk will report by title.

The Clerk read the title of the bill.

The CHAIRMAN. The Chair might say to the Members, he is not going to pound this gavel. The Chair is going to wait until you settle down or simmer down. The Chair hates to pound the gavel.

Will the gentlemen in the rear get out of the hall and will the gentlemen on the rails get out of the way, please—all of you.

When the Committee rose on yesterday, the Committee had agreed that the further reading of title I of the committee amendment in the nature of a substitute be considered as read and open for amendment at any point.

Let the Chair make this statement. Today is October 14.

The leadership on both sides of the aisle have assured me that they do not want any session on Saturday. I am delighted to hear that and so are you—providing we do our job today.

We are going to run a very tight ship here today because I believe that is the way you want it done.

Yesterday was extraordinary because of your cooperation.

The Chair said he hoped there would be no quorum calls and, believe it or not, there were no quorum calls. So you all had a picnic—and today we have to work.

The Chair wants to extend his compliments to the members of the Committee on Banking and Currency on both sides of the aisle. They command this

bill completely. The Chair especially commends the distinguished chairman of the full committee, the gentleman from Texas [Mr. PATMAN], for his leadership and the distinguished minority leader, the gentleman from New Jersey [Mr. WIDNALL], for his leadership. It was a tough, hard debate on the highest possible level.

Let us set the stage before we take the curtain up.

The Chair has talked with the Sergeant at Arms and the Clerk of the House and to the Doorkeeper. All employees of the House and all attachés of any of the committees except the one on the floor will be off the floor. We do not want to see them or hear them all day—none of them—except one man on each side to report to the Members.

The minority leadership have assured the Chair of the same thing.

The pages in both corners will be permitted to breathe provided they do not breathe too loud.

The telephone operators have been advised of the same thing.

We still have some table hoppers among the membership who run around bending over seats and talking to Members and interfering with this discussion. So far at the present occupant of the chair is concerned, the only person who is going to talk here today is the Member who has the floor and nobody else. The Chair is your friend and he does not want to embarrass you. So if you want to talk to somebody, get off the floor.

For the information of the Committee, under the rule this bill must be read by title and not by section.

Title I is considered as having been read.

Are there any amendments to title I?

AMENDMENT OFFERED BY MR. MULTER

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER: On page 39, after line 23, add the following new subsection:

"(d) Nothing in this section shall authorize the Secretary to require (or condition the availability or amount of financial assistance authorized to be provided under this title upon) the adoption by any community of a program (1) by which pupils now resident in a school district not within the confines of the area covered by the city demonstration program shall be transferred to a school or school district including all or part of such area, or (2) by which pupils now resident in a school district within the confines of the area covered by the city demonstration program shall be transferred to a school or school district not including a part of such area."

Mr. MULTER. Mr. Chairman, we have had a great deal of debate on and off the floor about what this bill would do. I want to say now that the bill would not do many of the things that have been charged against it. To make sure that no one can misinterpret it, this amendment is being offered to re-emphasize the fact that there is nothing in the bill that has anything to do with compulsory busing or forced busing of children. There is nothing in this bill—and this amendment will make certain that no one can misinterpret the bill or

even infer that it would in any way attempt to affect, destroy, or change the neighborhood school concept.

I am more surprised than most that the argument has been made by our distinguished colleague from New York [Mr. FINO], that this bill does require forced busing. I quote his language: "Forced school busing, pairing, and redistricting."

I say I am more surprised than most because for more than 3 years he and I have stood shoulder to shoulder in New York City in fighting for the continuance of the neighborhood school concept and fighting against compulsory or forced busing of children.

I have in my hand a bill which he introduced earlier this year, H.R. 13048, February 24, 1966, which uses practically the identical language of this bill now before us with reference to educational and recreational facilities.

I am sure that when he introduced that bill he had in mind precisely what we have in mind about this bill now before us. He did not intend then, and we do not intend now, to force busing of children from one area to another or to in any way change the neighborhood school concept.

For years, as long as I have been here—and that goes back to 1947—every time we have brought a bill to the House involving housing we have made it clear that housing is worthless standing alone as four walls. Without educational facilities in the community, without recreational facilities in the community, without industry nearby, housing is useless. It is just four walls. It is a house; it can never be a home.

We make sure that in this bill we have in mind the overall American way of life, which includes not only decent living and decent places in which to live, but all the necessary facilities to make living in a home human and decent and American.

So I repeat that the amendment I have offered to title I makes it eminently clear, so that no one can dispute the fact, there is nothing in this title—and before we get through we will make it just as eminently clear that there is nothing anywhere in the bill—which will require forced busing of children or that will change the neighborhood concept of schools.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I am happy to yield to the distinguished chairman of the committee.

Mr. PATMAN. I state to the gentleman that the Members on this side are willing to accept this amendment offered by the gentleman from New York.

Mr. MULTER. I thank the gentleman. I hope the ranking minority member will say as much. I will be glad to yield to him if he is willing to make the same concession.

Obviously, he is not prepared to do so. I urge adoption of the amendment.

(Mr. MULTER asked and was given permission to revise and extend his remarks.)

Mr. FINO. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I rise in opposition to the red herring or pipsqueak amendment just offered by the gentleman from New York. You cannot cure the "demonstration cities" bill by an antibusing amendment. As the gentleman knows, I offered such an amendment in committee before I discovered the proposed 1967 "racial balance in education" bill. When I offered my amendment, I thought that such an amendment might do the job. As I look back, I admit I must have been naive.

I say "naive" because I thought that an antibusing amendment would be meaningful. Back in committee, the secret friends of busing laughed off my amendment. They said it was irrelevant to the bill. How is it now relevant? It is relevant only because the gentlemen who are planning to scrap the neighborhood school have been caught with their hand in the cookie jar. They know they have been caught. Now they desperately want to pretend to prohibit busing so that they can save the title in order to plan school redistricting, educational parks, coercion of parochial schools, and all the other rotten little ideas that keep popping off Harold Howe's drawing boards. Let me say this about the friend of busing and pairing. They are trying to surrender one trick to save a bag of them.

But think carefully. This amendment does not even prevent busing. It certainly will not prevent the city from being pressured into setting up educational parks or redrawing school district lines. If children are bused to such facilities—and I do not suppose we would want them to walk—then such busing would not be covered by this amendment. That is why this amendment is a farce.

The only reason it is being offered—and remember that the administration was against this amendment before they got caught—is to try and trick this House into voting money for a scheme which will require cities to set up educational parks, revised school districts, and other racial balance schemes in education and housing.

I hope that the gentleman opposed to Commissioner Howe will not vote to tie just one of his fingers so that his hands can remain free. Commissioner Howe's admirers in this House are trying to save his bacon with this amendment. So do not vote to tie one of Commissioner Howe's fingers in order to leave the other nine fingers free. The way to deal with the problem is to cut this title back to planning.

If you do not think that this bill is one of the most dangerous ever drawn, I suggest you reread the letter you received recently from the chairman of the Banking and Currency Committee. He said—and I quote—this program "welds together the full arsenal of Federal physical and social renewal programs in a coordinated, comprehensive total attack on urban problems." This is just the admission I have been seeking. Read the language of the bill and you will know what is going to be attacked. Quiet residential neighborhoods are going to be attacked and made to plan housing with the slums—neighborhood schools are go-

ing to be attacked in the name of educational parks and "quality" education.

No antibusing amendment will blunt this attack. What we must do is cut the bill back to mere planning money so it can be redesigned sensibly. Such an amendment will be offered. Defeat the "pipsqueak" amendment. It is just a trick.

Mr. PATMAN. Mr. Chairman, I move to strike the last word.

(Mr. PATMAN asked and was given permission to revise and extend his remarks.)

Mr. PATMAN. Mr. Chairman, the amendment which has been offered by the gentleman from New York [Mr. MULTER] has the approval of the Members on this side of the aisle. We believe that it completely answers the false propaganda that has been put out with reference to this particular bill during the past few weeks.

Mr. Chairman, the gentleman from New York [Mr. FINO] addressed a letter to the Secretary of the Department of Housing and Urban Development, Dr. Weaver, on October 5, in which he expressed the hope to obtain some encouragement from the testimony of Dr. Weaver in support of the viewpoint to which he has ascribed on this legislation.

But, Mr. Chairman, contrary to receiving any consolation or gratification on his viewpoint, Dr. Weaver points out the fact that he is entirely mistaken about it and in one part of his letter Dr. Weaver did reply to the charges and statements of the gentleman from New York [Mr. FINO]:

The legislation itself makes very clear that it is State and local planning and programming which is being assisted. Local communities, in voluntary cooperation with their neighboring communities in the metropolitan area, will control the content and the programming of their metropolitan planning.

And, in the concluding paragraph, Dr. Weaver says:

I sincerely regret that irrelevant and divisive issues have been injected into the consideration of the demonstration cities and metropolitan development bill—legislation which is of vital concern to the well-being of our Nation's cities. In view of this, I want to take this opportunity to point out that nothing in this legislation would require that any community abandon or alter its neighborhood school system, or set the boundaries of its school districts in any prescribed way, or provide for the busing of schoolchildren.

Mr. Chairman, in view of the unanimous-consent request which was granted yesterday, I shall insert both letters in the RECORD at this point.

CONGRESS OF THE UNITED STATES,

HOUSE OF REPRESENTATIVES,

Washington, D.C., October 5, 1966.

HON. ROBERT C. WEAVER,
Secretary of Housing and Urban Development,
Washington, D.C.

MY DEAR MR. SECRETARY: Regarding the proposed omnibus housing bill, I would appreciate your acknowledgment of several points made regarding this bill.

Would you please confirm the following:

1. That you submitted to the Housing Subcommittee a statement (page 52 of the hearings) which said that one of the considerations of metropolitan planning would be "education, health, and other institutions and services".

2. That you submitted to the Housing Subcommittee a statement (page 45 of the hearings) which said that demonstration city programs must provide for "educational and social services necessary to serve the poor and disadvantaged in the area".

3. That you submitted to the Housing Subcommittee a list of programs to be included in the demonstration program which included 12 programs from the Office of Education.

Your prompt reply would be appreciated.

Sincerely yours,

PAUL A. FINO.

THE SECRETARY OF HOUSING

AND URBAN DEVELOPMENT,

Washington, D.C., October 12, 1966.

HON. PAUL A. FINO,
House of Representatives,
Washington, D.C.

DEAR MR. FINO: I have received your recent letter asking me to confirm three brief portions of the written statement submitted by me to the Housing Subcommittee of the Banking and Currency Committee in support of the administration's housing and urban development legislation:

1. The words taken from my statement and quoted in the paragraph numbered "1." of your letter were used in the context of a full explanation of the provisions of the Administration's legislation authorizing new incentives for effective metropolitan planning and development. These provisions are now contained in title II—the Planned Metropolitan Development Title—of the House-reported bill, S. 3708.

The new incentives for effective metropolitan planning and development consist of supplemental grants which would be available only for Federally-assisted projects of types which generally affect the growth of metropolitan areas. The grants could be made only in metropolitan areas which had established areawide comprehensive planning and programming.

The language you quote is taken from a paragraph which describes the typical elements which would ordinarily be considered in developing metropolitan-wide comprehensive planning and programming. The paragraph in full reads as follows:

"The required metropolitanwide comprehensive planning and programming would include such elements as areawide population and employment forecasts; forecasts of where and under what conditions residential areas, employment centers, and other major land uses will be located throughout the area; and comprehensive short-range programs for the provision of needed facilities and services, taking into account both the needs and financial capabilities of the various communities within the area. Planning and programming would generally cover at least land use; transportation; water, sewer, and other public facilities; housing and relocation; education, health, and other institutions and services; parks, recreation, and other open space; and air and water pollution."

The legislation itself makes very clear that it is State and local planning and programming which is being assisted. Local communities, in voluntary cooperation with their neighboring communities in the metropolitan area, will control the content and the programming of their metropolitan planning.

2. The words taken from my statement and quoted in the paragraph numbered "2." of your letter were used in the context of a full explanation of the characteristics of a comprehensive city demonstration program. The words quoted by you are almost verbatim the words of the statute which requires that a comprehensive city demonstration program "... provide educational, health, and social services necessary to serve the poor and disadvantaged in the area".

The legislation contemplates that the educational, health and social service needs of the poor in slum and blighted areas are to be met while the physical restoration of the area is taking place. We have learned that brick and mortar activities alone are not enough, and that we must deal with the problems of the people who live in the slums as we rebuild and restore the neighborhoods in which they live. But the important fact is that each demonstration city program must be a local program developed in accordance with local policies by local public officials.

3. I am also pleased to confirm, as your letter requests, that I did submit to the Housing Subcommittee a list of Federal grant-in-aid programs (set out in full on page 106 of the published hearings). That list is prefaced by the following paragraph (which also appears on page 106 of the published hearings):

"The programs on the attached list are those Federal grant-in-aid programs deemed most likely to be utilized by a city in developing a city demonstration program 'of sufficient magnitude in both physical and social dimensions' to meet the criteria of the demonstration cities bill. It is not implied that these programs necessarily will or should be used in any one demonstration or that other programs may not also be used."

I sincerely regret that irrelevant and divisive issues have been injected into the consideration of the Demonstration Cities and Metropolitan Development bill—legislation which is of vital concern to the well-being of our Nation's cities. In view of this, I want to take this opportunity to point out that nothing in this legislation would require that any community abandon or alter its neighborhood school system, or set the boundaries of its school districts in any prescribed way, or provide for the bussing of school children.

Sincerely yours,

ROBERT C. WEAVER.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from New York.

Mr. MULTER. I thank the distinguished gentleman for yielding to me, and I am very happy to note that the remarks or statement of my distinguished colleague from the Bronx, the gentleman from New York [Mr. FINO], has now turned into a little squeak.

The CHAIRMAN. May the Chair make the observation under the rule of the House you will address your colleague by State. This is not parochial.

Mr. MULTER. Mr. Chairman, I accept the Chairman's suggestion. I will change my reference to the distinguished gentleman from the Bronx to the State of New York and I hope, although I am very proud of Brooklyn, the gentleman will change his reference accordingly.

The CHAIRMAN. I am sure the gentleman will.

Mr. MULTER. So that we will both be referred to as representing the State of New York.

Mr. Chairman, if the distinguished chairman of our committee will continue to yield to me, I would like to make this further observation. I want to call the Members' attention to the fact that the distinguished gentleman from the State of New York [Mr. FINO] has very carefully and nicely evaded the statement I made in support of this amendment that he used in his bill, the identical language of this bill. The gentleman used

in his bill of February 24, 1966—I invite the Members to turn to page 37 of the bill, S. 3708, which we reported on September 1, 1966—and I will refer the Members first to page 36 of that bill and ask the Members to note the identical language—as I read it—identical to that proposed in the bill as introduced by our able colleague from New York State as follows:

The rebuilding or restoration * * * in accordance with the program will contribute to a well balanced city with adequate public facilities (including those needed for transportation, education and recreation).

Continuing reading the language of this bill—and again note the similarity of his language in his bill with that as reported in ours, the identical language:

The program provides for educational and social services necessary—

And so on and so forth.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent for an additional 2 minutes.

The CHAIRMAN. The gentleman from Texas has asked unanimous consent to proceed for an additional 2 minutes.

Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Again continuing to read from the bill introduced by the distinguished gentleman from New York, and pointing out the identical language—the gentleman referred to this part as representing the heart of the bill, word for word:

The program meets such additional requirements as the Secretary may establish to carry out the purposes of this Act.

Mr. FINO. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I will yield to the gentleman in a moment.

The fact of the matter is that there is and was nothing in this bill that affects the busing of children. And in order to eliminate any doubt, and that is the only reason I offered the amendment, so that there will be no question in the minds of anybody—and many have been confused by the statements made on and off the floor about what the bill does, and I can assure every Member on behalf of this committee that there is no requirement for busing in this bill, and there is no attempt to change the neighborhood school concept, and that is the sole purpose for the precise language of my amendment.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent for an additional 2 minutes, so that the gentleman from New York [Mr. MULTER] can yield to the gentleman from New York [Mr. FINO].

The CHAIRMAN. The gentleman from Texas asks unanimous consent for permission to proceed for 2 additional minutes. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. The gentleman from Texas is recognized for 2 additional minutes.

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, I ask unanimous consent that I be permitted to yield to the gentleman from New York [Mr. FINO].

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FINO. Mr. Chairman, I thank the gentleman for yielding.

I would like to ask the gentleman from New York, my colleague, to tell the Members of this House the date that this bill was introduced?

Mr. MULTER. The date the gentleman's bill was introduced?

Mr. FINO. Yes.

Mr. MULTER. Certainly. I stated the date before and I will repeat it again—February 24, 1966.

Mr. FINO. Mr. Chairman, that was 6 months or 5 months before I discovered and exposed and unveiled the Equal Educational Opportunity Act of 1967, which was uncovered and unveiled September 14.

Mr. MULTER. Mr. Chairman, I refuse to yield to the gentleman further.

Mr. FINO. I just want the RECORD to show that that bill was introduced before.

Mr. MULTER. Mr. Chairman, I refuse to yield further.

The CHAIRMAN. We will have regular order.

Mr. MULTER. I am sorry.

The CHAIRMAN. The Chair will say that the time is controlled by the gentleman from Texas. What does the gentleman from Texas wish to do?

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from New York.

Mr. MULTER. I thank the gentleman for yielding.

The fact of the matter is that the reference here to a bill of 1967, I repeat again, and as the gentleman from New York knows, we have no such bill here and no such bill has ever been introduced.

I repeat—no bill of 1967 has been introduced. It was a piece of paper that was prepared for discussion purposes only and it has been repudiated by everybody to whom it was submitted except the gentleman from New York to whom it was never submitted.

Mr. FINO. Mr. Chairman, will the gentleman from Texas yield?

Mr. PATMAN. I yield to the gentleman.

Mr. FINO. I would hope that the gentleman from New York would consult and discuss this with members of the Committee on Rules and find out whether the statement he has just made is accurate about repudiating or denying the existence of this proposed legislation.

Mr. MULTER. Mr. Chairman, will the gentleman from Texas yield?

Mr. PATMAN. I yield to the gentleman from New York.

Mr. MULTER. I repeat—the docu-

ment referred to by the gentleman from New York has been repudiated by everybody to whom it was submitted. The testimony before the Committee on Rules sustains what I am saying to this body today.

There is nothing in this bill before us nor was it ever intended that there be anything in this bill before us or in the bill that the gentleman from New York [Mr. FINO] submitted that would affect school busing or the neighborhood school concept.

Mr. CAHILL. Mr. Chairman, will the gentleman from Texas yield?

Mr. PATMAN. I yield to the gentleman.

Mr. CAHILL. I would like to ask this question of the gentleman from Texas. It is my understanding that he has correctly stated the situation that planning is entirely the responsibility of the local authorities. I am correct in that, am I not?

Mr. PATMAN. Yes; you are correct.

Mr. CAHILL. However, who has the responsibility and authority of approving the plans finally and allocating the funds for demonstration cities?

Mr. PATMAN. The Department, of course—Dr. Weaver's Department.

Mr. CAHILL. Now last year—and I would like to ask the gentleman if he will continue to yield—does the gentleman have any expression as to the Secretary's opinion as to the continuation of the neighborhood school concept?

The CHAIRMAN. The time of the gentleman from Texas has again expired.

(At the request of Mr. WAGGONER, Mr. PATMAN was granted 2 additional minutes.)

Mr. PATMAN. Mr. Chairman, I yield further to the gentleman from New Jersey [Mr. CAHILL].

Mr. CAHILL. Mr. Chairman, this is my final question. Does the gentleman from Texas have anything that he can inform the House as to the Secretary's opinion so far as the continuation of the neighborhood school concept?

Mr. PATMAN. He makes it very plain in this letter, I will state, in reply to the letter from the gentleman from New York [Mr. FINO]. He says:

I want to take this opportunity to point out that nothing in this legislation would require that any community abandon or alter its neighborhood school system—

Mr. CAHILL. I recognize that.

Mr. PATMAN. Further:

or set the boundaries of the school district in any prescribed way or provide for busing of schoolchildren.

Mr. CAHILL. I understand that. There is nothing that requires it.

Mr. PATMAN. It is not contemplated.

Mr. CAHILL. My question is this. I think it would be helpful for the House to know about whether the Secretary has any preconceived notions concerning the neighborhood school concept. Because if a program, while it originated with the local authorities, may concede that that is what they want—if it gets to the Secretary's desk it may be something that he does not want and therefore he might disapprove the plan.

What I am trying to find out is what, if you know and if you can tell us, is the Secretary's personal opinion as to the neighborhood school concept?

Mr. PATMAN. His personal opinion is stated here. I believe that is the correct and full way to answer the gentleman's question. The question generally, however, is too iffy—a preconceived notion? I do not suppose anyone could answer that.

But I will state to the gentleman that Dr. Weaver was interrogated by all members—the 33 members of the House Committee on Banking and Currency.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

(Mr. PATMAN was granted 1 additional minute, by unanimous consent, at the request of Mr. CAHILL.)

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from New Jersey [Mr. CAHILL].

Mr. CAHILL. Mr. Chairman, I would appreciate it if the gentleman from Texas would obtain a statement from the Secretary to be included in the RECORD so that all of us will have complete knowledge of what the Secretary's views are in relation to this important subject before we are called upon to vote on it.

Mr. PATMAN. I know what the gentleman is asking. If the gentleman will get the hearings and read them—the hearings of the House committee and the Senate committee, I believe you will find an answer to every question you can think of to ask the Secretary and especially and particularly the questions you have asked here. They are in the hearings. The Members of the other body and the Members of this body have asked the Secretary every question in the world that could be asked along that line and all I ask you to do is to read the hearings.

Mr. CAHILL. I would appreciate it if the learned gentleman, who knows more about it than anyone else in the House, would select the answer to the question from the hearings and insert it in the RECORD.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Ohio.

Mr. ASHLEY. This may answer the gentleman's question. I refer to a letter dated September 20, which the chairman referred to a moment ago, from Dr. Weaver to Chairman PATMAN.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. ASHLEY. Mr. Chairman, I ask unanimous consent that the gentleman from Texas may be permitted to proceed for 1 additional minute.

The CHAIRMAN. Without objection, it is so ordered. The gentleman from Texas is recognized for 1 additional minute.

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from Ohio.

Mr. ASHLEY. The fourth paragraph of this letter, I may say to my friend

from New Jersey, should answer his question. This is what Dr. Weaver said—and may I point out that this letter is dated September 20. He said:

At no time did this Department give any thought to the possibility that this legislation would provide a vehicle for any future program of assistance for school busing. Such a suggestion came to my attention for the first time 10 days ago in a newspaper column, and then again last week when Representatives BROCK and FINO referred to such a proposal originating within the Department of Health, Education, and Welfare. We had no knowledge of any such proposal prior to 10 days ago, and I can categorically state that it in no sense represents the views either of my Department or of the Department of Health, Education, and Welfare, let alone the administration.

I hope that will satisfy the inquiry of the gentleman from New Jersey as to the private and official position of Secretary Weaver about which the gentleman has expressed an interest.

Mr. BROCK. Mr. Chairman, I move to strike the requisite number of words.

The CHAIRMAN. The gentleman from Tennessee is recognized for 5 minutes.

Mr. BROCK. Mr. Chairman, I rise in support of the amendment of the gentleman from New York. I do so with some reluctance, not liking to disagree with my colleague on this side of the aisle, but I think insofar as title I is concerned, this amendment does aptly and completely illustrate the intent of Congress. We do not intend for this money to be used for the transportation of children across district or county lines. I do not think, however, that the amendment would be adequate if applied to title II, as that was the bill to which the gentleman from New York [Mr. FINO] has referred as it relates to the Educational Opportunities Act of 1967, the so-called act of 1967, which I well recognize is no act. It has not been introduced and has no force of law.

I might say to the Members of the Committee that when we are talking about the intention of people who are going to be administering these programs—and the gentleman from New Jersey raised the question—I would like to quote the Commissioner of Education, Mr. Howe, on this point. He said:

Traditional school boundaries often serve education badly and may have to be changed. New York and New Jersey surrendered State prerogatives to form the Port of New York Authority in the interests of improved transportation. If we can make such concessions for transportation, I suggest that we can make them for education. We could, for example, alter political boundaries to bring the social, economic and intellectual strengths of the suburbs to bear on the problem of city schools.

In all honesty, I think the intention of the gentleman from New York is salutary. I support him on this amendment to title I. I do reserve the right to disagree on title II, because in all sincerity I am not sure that this would be adequate as it relates to the metro title, the metropolitan community title.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. BROCK. I yield to the gentleman from New York.

Mr. MULTER. I am sure the gentleman will agree that what Mr. Howe was referring to when he spoke of port activities, he was talking about the communities doing as they did when they agreed to the port authorities, which necessarily crossed State lines.

I hope the gentleman will also agree that what Mr. Howe is talking about there is that if the communities decided that there must be some change, they would make the change. He did not say that he would require a change.

Mr. BROCK. Let me read a second statement of the Commissioner perhaps to show what he does think he would do. This is Commissioner Howe again:

Altering political boundaries or consolidating the educational facilities of a large city would involve major organizational changes—major educational surgery. But I believe that major surgery is required if we are to liberate the children of the slums.

Mr. MULTER. Mr. Chairman, will the gentleman yield further?

Mr. BROCK. I yield to the gentleman from New York.

Mr. MULTER. That is his personal opinion. I am sure the gentleman will agree there is nothing in this bill that will give him any authority. What we deal with here is the authority of the Department of Housing and Urban Development, of which Secretary Weaver is the head and not Mr. Howe.

Mr. BROCK. Let me say that I fully agree with the gentleman's intention. I understand his point. But I was brought up to believe that this is a government of law and not of men. I do not believe it is within the prerogatives of Congress to worry about the intentions of a particular Commissioner of Education or of a Secretary of HUD or anybody else. I believe we have to write a law which fully spells out the intention of this legislative body.

This bill does not.

The gentleman is correct in saying it does not require racial balance, busing, transportation or any other such vehicle. But it does give him the authority to do so if he should so desire at some point in the future.

That is what I am concerned about.

I do not believe we should have an open-end bill.

That is what my amendment, which will be offered next, I hope, will take of. It will stop this program and leave the planning money until we can see the plans. Then we will know where we are going on this bill.

I do not believe we should legislate based upon what we think the desire of the Secretary of HUD is.

Mr. MULTER. I believe, in general, we are in agreement. That is why I am happy to note the gentleman supports the amendment, to make sure the intent of Congress is expressed.

Mr. BROCK. Certainly.

Mr. MULTER. No matter what anybody says either on or off the floor, we are not in this bill providing for busing

any children or for changing the neighborhood school concept.

Mr. PATMAN. Mr. Chairman, I wonder if we could agree to vote on this particular amendment only at this time.

The CHAIRMAN. Does the gentleman make a motion?

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that the vote be taken on this particular amendment.

The CHAIRMAN. The request should be that all debate on this amendment end in a certain length of time.

Mr. PATMAN. Now, I ask unanimous consent that all debate end now on this particular amendment.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that all debate on this amendment terminate now. Is there objection to the request of the gentleman from Texas?

Mr. WAGGONER. Mr. Chairman, reserving the right to object, I do not propose to speak on this particular amendment, but this request comes rather suddenly. It can be observed that at least one Member of the House apparently desires to speak, and he is entitled to that right.

I withdraw my reservation.

Mr. PATMAN. Mr. Chairman, we want him to speak. The gentleman from New York [Mr. RYAN] apparently wants to speak.

Mr. Chairman, I ask unanimous consent that debate on this amendment conclude in 5 minutes.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that all debate on this amendment end in 5 minutes. Is there objection to the request from the gentleman from Texas?

Mr. ANDERSON of Illinois. Mr. Chairman, reserving the right to object, I do not want 5 minutes, but I would like to have about 2 minutes.

I withdraw my reservation.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment conclude in 10 minutes.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that all debate on this amendment end in 10 minutes.

Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RYAN. Mr. Chairman, I move to strike the last word.

Mr. MULTER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. MULTER. May we know how many Members were standing and how the time will be divided?

The CHAIRMAN. The Chair observed standing the gentleman from New York, the gentleman from California, the gentleman from Pennsylvania, the gentleman from Illinois, and the gentleman from Texas.

Each Member will be recognized for 2 minutes.

The Chair recognizes the gentleman from New York [Mr. RYAN].

(Mr. RYAN asked and was given permission to revise and extend his remarks.)

Mr. RYAN. Mr. Chairman, I am disturbed by this amendment. I oppose it, and I regret that the committee feels compelled to offer such an amendment.

I am disturbed by the tenor of the debate. I feel very strongly that we, on this side of the aisle, should not be on the defensive at all on this question. It is unfortunate that it appears that the gentleman from New York [Mr. FINO] has put this side of the aisle on the defensive.

This bill speaks for itself. It does not require any community to adopt a program involving the transportation of school pupils.

However, efforts of local officials to achieve quality, integrated education should be encouraged and given special consideration. The unique feature of this bill is the concept of a total attack on the problems besetting our cities.

It seems to me that we ought to face the fact that, if we are going to cure the sickness of the ghetto, we have to deal with the problem of de facto segregation. Regardless of that, I was under the impression that the Republicans stood for local self-government and local autonomy. That is exactly what this bill provides. It leaves plans in the hands of the local authorities. It is curious that Republicans would attempt to tie the hands of the local authorities.

There is also another danger to this amendment. It may be characterized or interpreted in some quarters as an "anti-busing amendment." It may be suggested that the House is going on record as opposed to busing. I opposed a similar amendment to the Elementary and Secondary Education Act which was adopted last week for this very same reason. In fact, I was one of five Members of the House to vote against it. There is no logic in writing negatives into these bills. Let us not do anything to discourage local authorities from providing a means for overcoming de facto segregation which exists in the ghetto areas of our urban centers.

Mr. Chairman, this session of Congress has witnessed already too many setbacks for civil rights.

The amendment should be defeated.

The CHAIRMAN. The time of the gentleman from New York [Mr. RYAN] has expired.

The Chair recognizes the gentleman from Illinois [Mr. ANDERSON] for 2 minutes.

(Mr. ANDERSON of Illinois asked and was given permission to revise and extend his remarks.)

Mr. ANDERSON of Illinois. Mr. Chairman, I take this time because I cannot concur in what the gentleman from New York [Mr. MULTER] said, that in the discussion of the document called the Equal Educational Opportunities Act of 1967 before the Committee on Rules it was totally repudiated by the Commissioner of Education, Mr. Howe. I particularly want to call the attention of the committee in this regard to some language on pages 44 and 45 of the hearings before the Committee on Rules on September 29, 1966, where I asked this question of Commissioner Howe:

Can you deny that if we move in this direction and provide these so-called bonus and incentive grants and condition the eligibility of a metropolitan area for these grants on their willingness to go along with this kind of a program—

We were talking about busing—as described in this draft legislation, that, whether the schools or the cities want to or not, they are almost going to be obliged to have to go along with your plans; is that not the effect of what is being accomplished here?

Mr. Howe. I think, if this sort of thing were enacted into law as you suggest, there would be incentives to move in this direction.

I do not have the time, unfortunately, to read all of those hearings to you or to call your attention to all of the language that Commissioner Howe used in his testimony before the Committee on Rules, but I think that the implication is fair and the conclusion is fair that, by holding out the incentives that would be offered under title II, the metro planning section, it is quite clear that the objectives outlined by Commissioner Howe in his draft of the Educational Opportunities Act of 1967 could be accomplished by holding out the carrot of Federal bonuses or grants under the legislation which we are now considering.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. ANDERSON] has expired.

The Chair recognizes the gentleman from California [Mr. HANNA] for 2 minutes.

(Mr. HANNA asked and was given permission to revise and extend his remarks.)

Mr. HANNA. Mr. Chairman, I think one of the significant things in Dr. Weaver's letter was his expression of sincere regret that irrelevant and divisive issues have been injected into the consideration of this bill. I think it is more clear after the amendment of the gentleman from New York [Mr. MULTER] that the concerns about school district boundaries or busing of students that have been here expressed and the statements that have been made relative to opposition to this particular amendment have been made even more irrelevant and certainly no less divisive the issues that are now attempted to be drawn. So I would suggest that what this does is to set very much at ease every Member who might have raised the question, however irrelevant, and it puts very firmly into the legislation the clear, expressed intent of this body. I should think it should have the unanimous approval of all of the persons voting.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. BARRETT].

Mr. BARRETT. Mr. Chairman, I ask unanimous consent to yield the time allotted to me to the gentleman from Louisiana [Mr. WAGGONER].

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

(Mr. WAGGONER asked and was given permission to revise and extend his remarks.)

Mr. WAGGONER. Mr. Chairman, I thank the gentleman from Pennsylvania for yielding to me at this time.

Mr. Chairman, I would like to try to clarify this amendment if clarification indeed is needed. The author of this amendment and the chairman of this committee are on the floor so I ask a question.

Mr. Chairman, I would like to pose this question: Does not the gentleman intend his amendment as offered here today to effectively remove the authority or possibility of the Federal Government or any agent thereof to either grant or deny Federal funds in those demonstration cities projects made possible by this legislation for any city wherein an effort might be made to insist on assignment or busing schoolchildren into districts in order to comply with the desires of any agent of the Federal Government as a criteria or prerequisite for participation in this program?

Mr. Chairman, I accept in good faith this explanation, but I would like to pose this question:

Would the gentleman, or could the gentleman, give the Members of the Committee of the Whole House on the State of the Union his assurance that should some abuse be made as to the intent of this amendment, would the gentleman be willing to bring corrective legislation back through this committee and to the Congress to prevent this abuse?

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. WAGGONNER. I yield to the gentleman from New York.

Mr. MULTER. If, Mr. Chairman, any such contingency should arise I shall be in the forefront of the movement to get such corrective legislation.

Frankly, I cannot possibly foresee how any such thing could occur, our having made it clear that we never intended any such thing to occur under the terms of the bill or is it to be construed.

Mr. Chairman, I do not understand how anyone could get the idea that we could do otherwise but to leave the carrying out of the intent and purposes of this bill entirely to the local authorities, and we do not have nor do we intend to change that in the slightest.

Mr. WAGGONNER. Mr. Chairman, I thank the gentleman from New York for his answer, and I accept his answer in good faith and shall vote for the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. GONZALEZ].

(Mr. GONZALEZ asked and was given permission to revise and extend his remarks.)

Mr. GONZALEZ. Mr. Chairman, I rise because I cannot help but sympathize with and share the views expressed by my distinguished colleague, the gentleman from New York [Mr. RYAN]. He has made pertinent and important points.

Mr. Chairman, most of us who serve on this subcommittee know that this bill has been carefully considered for 10 months and that this type of amendment was offered in committee and rejected.

Mr. Chairman, I deplore the fact that we have reached the point where we are

legislating irrelevancy because of the defensive posture assumed by the proponents of the amendment and not because it is necessary.

Mr. Chairman, I yield the balance of my time to the gentleman from New York [Mr. RYAN].

The CHAIRMAN. The gentleman from New York is recognized for 2 minutes.

(Mr. RYAN asked and was given permission to revise and extend his remarks.)

Mr. RYAN. Mr. Chairman, I thank the distinguished gentleman from Texas for yielding.

Mr. Chairman, I certainly think the RECORD should be clear as to the effect of this amendment. And, I refer back to the question that was raised previously by the gentleman from Louisiana [Mr. WAGGONNER].

The gentleman from Louisiana asked in his question if the purpose was not to remove discretionary authority either to grant or deny projects dealing with racial imbalance.

Mr. Chairman, I certainly hope that this is not the purpose of this amendment. The purpose of this amendment, as I understood it to be, was to state the obvious, that nothing in this title required a community to adopt a program involving the transportation of school pupils. I take vehement exception to anyone leaving the inference that the Secretary will not have the authority to approve plans which do seek to overcome racial imbalance.

Mr. MULTER. Mr. Chairman, I did not quite get the import of the gentleman's question. But let us not quibble about this. There is nothing in this bill, there is nothing intended to be in this bill, and we are trying to make it clear that there is nothing intended in this bill to require any compulsory busing or to in any way interfere with the neighborhood school concept. This has always been left to the local authorities and that is where it will remain. The whole concept here is that the local authorities will do the planning in the first instance. That remains and that will always remain. I wish we could stop arguing the question of what the education bill provides and what we did there. We are doing nothing here to amend the education laws.

The CHAIRMAN. The time of the gentleman from New York has expired. There is no further time.

The question is on the amendment offered by the gentleman from New York [Mr. MULTER].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BROCK

Mr. BROCK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Brock: Strike out page 46, line 25, and all that follows down through page 47, line 5.

Page 47, line 5, strike out "(c)" and insert in lieu thereof "(b)".

The CHAIRMAN. The gentleman from Tennessee is recognized for 5 minutes in support of his amendment.

(Mr. BROCK asked and was given permission to revise and extend his remarks.)

Mr. BROCK. Mr. Chairman, the purpose of this amendment and the thrust of it is to postpone the authorization of the \$900 million for the funding of this program. It leaves in the full authorization for the planning money of \$24 million. It simply says that until plans are submitted to the Congress and until we see the import of them and the implication of those plans, we should postpone action on implementing the full demonstration cities program. It strikes \$900 million from title I of the bill.

First, let me say that the minority position throughout the debate, the committee hearings, and our deliberations, was that the plight of the cities was sufficient to warrant the authorization of planning funds.

This was the position of the full subcommittee as I understand it throughout most of our deliberations until the last day when the administration decided that they needed the overall program and the position was reversed.

We thought, however, that we ought to at least have a look into the kind of plans that have been made before we signed a blank check for approximately \$1 billion with no limit as to its future expenditure level.

We stated in the report which is before the House:

But to hold out as bait, the hope that Federal funds for this purpose may be made available to every nook and cranny of the United States, is neither the part of sense nor honesty.

Let me repeat that last sentence because I think this is the thrust of the political problem we face today:

But to hold out as bait, the hope that Federal funds for this purpose may be made available to every nook and cranny of the United States is neither the part of sense nor honesty.

I think we ought to recognize the fact that the staff of HUD has been visiting every undecided Member on this bill telling him the principal city in his district is eligible to be included in the demonstration cities operation. This is true, but it is a classic half-truth. Every city in the country over 2,500 people with any blight in it whatsoever is, of course, eligible.

How many will be chosen? What is the law of probability? I heard the gentleman from New York say he was for this bill because the city of Poughkeepsie was going to be a demonstration city.

I asked the gentleman from Ohio what the odds were against Poughkeepsie being part of this demonstration city program. He refused to answer.

I do not blame him because it is incalculable.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. BROCK. I yield to the gentleman.

Mr. ASHLEY. The gentleman knows that I am in no position as a Member of this body to assess or to respond to a question of that kind—which is a determination which must come from the administration.

Mr. BROCK. I understand the gentleman's position. But I might add that there are several thousand cities in the United States, and if we are fortunate we may have two dozen included in this bill. The most optimistic estimate that I have seen is 50, by the gentleman from Wisconsin. That would mean only one per State and that means that there would be at least 385 Members of this body who were disappointed.

Mr. MacGREGOR. Mr. Chairman, will the gentleman yield?

Mr. BROCK. I yield to the gentleman.

Mr. MacGREGOR. Did I understand correctly that title I vests in the Secretary of HUD exclusive discretionary authority to determine which cities will or will not benefit under this program?

Mr. BROCK. He has absolute and total authority to make this determination.

Mr. ASHLEY. Does he have any more authority in this regard than is vested with respect to the approval of the general urban renewal project applications that come to him?

Mr. BROCK. I would say to the gentleman that his authority is no broader because he has total authority there. But there are no standards in this bill which I consider—and of course this is a personal opinion obviously—which I consider to be adequate criteria in the selection of a demonstration city.

Mr. WELTNER. Mr. Chairman, will the gentleman yield?

Mr. BROCK. I yield to the gentleman.

Mr. WELTNER. Does the gentleman feel that this body, the Congress, should select which cities are to be included as demonstration cities?

Mr. BROCK. The gentleman knows full well what kind of political pork barrel would result from that. My answer is that I do not. I do think we have a responsibility to our constituents and we ought to write in hard, fast, and specific criteria. As the gentleman knows, I am opposed to the concept of the bill. But I do say this:

The CHAIRMAN. The time of the gentleman has expired.

(Mr. BROCK asked and was given permission to proceed for 2 additional minutes.)

Mr. BROCK. I do think if this House is going to pass a bill of this magnitude, with its long-range implications, that we have a major responsibility upon us to insure that that program is going to meet its desired objectives. I do not see that we have any standards on which to make such a judgment. We have no plans submitted. These funds do not start until 1968 anyway—the fiscal year 1968—so why not take the time to let the cities come in and present their plans to us. We have 6 months from January to June of next year in which to pass an authorization for spending under the demonstration cities bill. Why not take this 6 months to study the plans and see what they are going to do for our communities—or to our communities—as the case may be?

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. BROCK. I yield to the gentleman.

Mr. MULTER. Which of the cities under this planning, assuming that your amendment were to prevail, and I must say I hope it does not—but suppose it does—then all we would have is planning money. Which of the cities will come in under for planning money?

Mr. BROCK. With \$24 million you can have a substantial number of cities. In addition, they would have time to plan programs and determine their needs under the demonstration cities bill.

Mr. MULTER. Which cities should have their plans looked at and approved?

Mr. BROCK. Obviously, virtually any city could qualify under the terms of your own bill. The Secretary is going to allow anybody to make a plan.

Mr. MULTER. Then in other words, the city of Poughkeepsie or any other city could come in and say—here is our plan—do you think it is all right?

Mr. BROCK. That is right. The majority of those submitting plans under this particular section are going to get the authorization approved.

Mr. MacGREGOR. Would the elimination of the \$900 million make any difference as to which city is going to come in under this?

Mr. BROCK. No. Every city is equally qualified. This amendment does not stop the study and planning for the implementation of this program. It simply says, let us take our time and let us find out whether the \$400 million is needed.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PATMAN. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Tennessee. The gentleman's amendment would strike from the authorization \$900 million for this purpose, \$400 million the year after next, fiscal year 1968, and \$500 million the year after that. During the interim there would be \$24 million—\$12 million for each year—provided for a study and an evaluation of applications that would be put in.

There is a longtime lapse there anyway. The President in his message requested \$2,300 million. We have actually cut it down nearly a billion and a half by reducing it to \$900 million. That is quite a reduction.

If we are going to have any demonstration cities bill at all, certainly this is as small a start as we could think about taking. The gentleman from Tennessee was very frank and forthright about his feeling about the bill. He is against the bill. He is against the concept of demonstration cities. So he is bringing up this amendment now. Members who are for the demonstration cities program should vote against his amendment, and those who are against the demonstration cities program should vote for his amendment.

Mr. Chairman, if title I is passed as a planning only measure I seriously doubt that thoughtful communities will be interested in participating in the program. This amendment is aimed at the vitals of title I.

This is really reaching for the jugular vein to destroy this bill.

Local communities have had some experience with arousing the hopes of their constituents only to find the resources for providing the necessary relief not readily available.

Local communities are not interested in planning comprehensive programs which will arouse the hopes of the disadvantaged if Congress is not prepared to commit the Federal Government to the funding of such plans.

If this authorization is knocked out, certainly the Federal Government will not be in a position to come forward.

It is becoming apparent that local communities intend to do more than plan for the solution of their problems, and it is up to the Federal Government to see to it that their plans are not left to die on the shelf of some local development office.

If we are to arouse the hopes of the local community and its citizens, then we must have the courage to provide the funds necessary to realize those hopes.

Mr. Chairman, Congress must face up to its responsibility to the local communities that have given their support to this measure by authorizing funds for supplemental grants to back up the planning funds authorized elsewhere in the bill. To do less would play a cruel hoax on the critical needs of our Nation's cities and towns.

This amendment just must be voted down if we are to have a demonstration cities bill.

Mr. BROCK. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Tennessee.

Mr. BROCK. I thank the gentleman for yielding. I would like to read a statement of the President of the United States:

The investments you are making in your cities are vital to our future. We would like to complete them all at once. But if we attempt to do too much, too soon, we will end by accomplishing less by borrowing our money, by issuing bonds when the cost of money is at the highest point in several years—when costs are skyrocketing and materials and skilled labor are scarce * * *. I ask you to go home and get out your lead pencil—and take a good hard look at your next quarterly budget expenditures.

That was said by the President of the United States this year.

Mr. PATMAN. The answer to that is this is only an authorization. When the program comes to the appropriation stage, the factors which the gentleman has brought up, interest and other points, will be considered by the Appropriations Committee. This measure will merely give the power. If the Congress at that time still wants funds, then we will have to start anew for the funds in an appropriation bill and get the Appropriations Committees of the two Houses to agree and to recommend appropriations. This is just the initial step.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. WIDNALL. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Tennessee [Mr. Brock].

When we were considering the omnibus housing bill and the demonstration cities bill before the subcommittee, and

later before the full Committee on Banking and Currency, as I said in my initial statement, I was very much impressed by the goals and desires of the proposed program, as to what we sought to do by way of a mass demonstration in the cities.

I did become increasingly alarmed by some of the statements that have been made by proponents of the bill, and I do not mean particularly on the House floor, but by remarks in radio and news editorials, and by those who are lobbying the Members of Congress. These remarks pertain to what they claim can be done with the appropriations that would be authorized under this bill.

I believe that time should be taken to clarify what is really meant to be done with such appropriations.

We heard a statement on the House floor yesterday by the gentleman from New York [Mr. FARBERSTEIN], in which he emphasized the fact that they ought to use a lot of this money for wharf repairs or removal of the docks in New York, to take away the unsightliness.

I had understood that the purpose of this legislation was to concentrate on the hard core areas in the cities, where the people do not have a decent living environment and particularly do not have decent housing, to help and to aid through a massive demonstration to improve their living quarters and the living surroundings of those people. There the residents have become so restive largely because of the failure of this country under the existing urban renewal program to put the money where it should have been going, instead of channeling it to high-rise luxury buildings and great shopping centers and, in many instances, on cultural centers. These programs are all wanted by many, but concentration should not have been in that direction under the existing urban renewal programs.

I should like to call the attention of our Chairman and of the Members of the House to the fact that this is not a reduction of the President's proposal. The President's proposal was for \$2.3 billion for a 6-year period. That averages out to \$383 million per year.

This proposal is for \$400 million the first year and \$500 million the second year, a substantial increase.

I have read the very forcible things in the press as to what the President has said with respect to the Congress, that the Congress should be holding the line on authorizations and, if anything, postponing and giving priority to those things most urgent.

This is an urgent matter, but there is certainly no urgency with respect to the first authorization, which is for the fiscal year 1968. What harm would be done at this time by postponing this full authorization and allowing the full amount for planning which has been requested, thus giving that time for wise and adequate planning and for presenting to the Congress the picture of what the problem really is so that we can more intelligently act upon it?

The appropriation itself cannot be made until next year. It would not be made until next year.

Certainly I cannot see what harm would be done to those few cities which would benefit from the demonstration cities program by cutting down this first title to just the planning money.

I urge the adoption of the amendment. Mr. BARRETT. Mr. Chairman, I rise in opposition to the amendment.

(Mr. BARRETT asked and was given permission to revise and extend his remarks.)

Mr. BARRETT. Mr. Chairman, this amendment would naturally cut the heart out of title I. The Housing Subcommittee considered and rejected the draft bill that would provide planning funds only for the demonstration cities and no funds for supplemental grants to carry out the planning. We rejected the planning only because of the approach, on the grounds that local communities could not be expected to enter into an elaborate plan for the alleviation of their problems without the assurance that supplemental grant funds would be available to carry out those plans. This amendment would reduce the demonstration cities program just to a planning program. It would hold out only the vague promise, with no commitment on the part of the Congress, that such funds would ever be made available.

Mr. Chairman, there has been an awful lot said about this bill and title I thereof and why the money was cut down from \$2.3 billion to \$900 million for 14 years.

Mr. Chairman, I think we first ought to have a definition of a comprehensive demonstration cities program. It would be defined as a locally prepared and scheduled program for rebuilding or restoring entire sections or neighborhoods in slum and blighted areas to the concentrated and coordinated use of all the Federal aids, local, private, and governmental resources, including citywide aids and resources necessary to improve the general welfare of the people living and working in the area.

You know, Mr. Chairman, they criticized us highly yesterday because of these demonstrations that are going on throughout the country. You know, this program and this bill could have had another title and I think a very appropriate one. It could have been called a comprehensive program to bring respectability to every American city in this great democracy. When we make an observation of the criteria necessary to get the application accepted in section 103 of this bill, we find that all available Federal aids, private and local governmental resources, citywide aids, and all other necessary aids would be pooled and on that basis would be submitted to the Secretary of HUD. If that application were accepted, it would get 80 percent of that non-Federal contribution.

Ladies and gentlemen, this is the greatest bill that has ever been offered since urban renewal came into being. The urban renewal moneys were always handled by an individual, by an agency, and in this bill, in this demonstration cities program, many agencies would be interested in it because their money

would be put into it in order that they may participate.

Mr. Chairman, this would represent raising an observation tower, with the private sector having a window in that observation tower, out of which it could look and see exactly how its money was being spent and how the money of the other agencies was being spent.

And, Mr. Chairman, it could call the attention to the other agencies involved to the fact that the money was not being expended properly and adequately.

Therefore, Mr. Chairman, we could tell them that this program does not call for waste in a time when authorities must adjust themselves.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

(Mr. BARRETT asked and was given permission to proceed for 1 additional minute.)

Mr. BARRETT. Mr. Chairman, these multipurpose watchdogs over the demonstration cities program, cause the taxpayers of this great country to be the recipients of moneys allocated through urban renewal, antipoverty, and other programs receiving money from the Federal Government to aid in their respective cities in these projects.

Mr. Chairman, I believe it would, in general, improve the living conditions for these people who live in such areas and would accomplish these objectives under the most effective and economic concentration and coordination of Federal, State, and local and private funds. This would affect and improve the entire quality of urban life.

Mr. Chairman, I hope that this amendment is voted down.

Mr. FINO. Mr. Chairman, I move to strike the requisite number of words.

(Mr. FINO asked and was given permission to revise and extend his remarks.)

Mr. FINO. Mr. Chairman, I rise in support of the amendment of the gentleman from Tennessee. There is no doubt that demonstration cities ought to be cut back to mere planning money so that it can be more intelligently redesigned.

As I noted earlier—the other day—there is a very real danger that black power is going to ride the demonstration cities gravy train in some cities. I refer to the Washington Post article of August 28, saying that the San Francisco City Redevelopment Director was dickering with black power for control of the local demonstration cities project. Judging from the behavior of black power in San Francisco, what we would get would be demonstration rioting and demonstration anarchy.

This we do not need. On Tuesday, I wrote to the President asking him to hold up demonstration cities until the Justice Department of the House Un-American Activities Committee could look into the question of a black power takeover. If it worries the Washington Post it ought to worry us.

Next I want to stress that this program, as now drawn, is an incredible vehicle for imposing Federal social standards on our cities. To become a demon-

stration city, a city will have to demonstrate how it can remake its school system to conform with the racial balance guidelines of Harold Howe—I mean rezoning, educational parks and the busing necessary to implement these and other Commissioner Howe brainstorms. This is in section 103(2).

Then there is section 103(4) which keeps cities from being picked as demonstration cities unless they modify their local laws the way Dr. Weaver wants, and draw up any necessary open housing and civil rights ordinances. He told this to the Housing Subcommittee—see pages 45–46 of the hearings. He also bragged that one of the benefits of the program would be encouraging cities to revise their zoning laws and real estate tax structure. No thanks. I do not want Dr. Weaver's planners setting the assessments on real property in my district or any other part of New York City.

You will be interested to know that Dr. Weaver, back in April, told a Cleveland gathering of the ADA how cities would have to plan rent supplement housing as part of the demonstration cities program. This means that the residential sections of our cities will have to submit to rent supplement housing, like it or not.

Let me close by noting that the demonstration cities program is to run 2 years at a cost of \$900 million plus \$250 million for urban renewal. This means that it is the same multibillion dollar 6-year program that came up to the Hill originally. What we are voting on today is a \$3 billion program to begin with, which the President's advisers told him will ultimately cost \$100 billion.

I do not for a minute believe that this tricky program is going to rebuild American cities where \$96 billion in Federal money, according to Senator Ribicoff, has failed over the last 10 years.

This program is just a gimmick—a gimmick to centralize power, to give the Federal Government power to promulgate zebra colored housing and education guidelines along the lines desired by Weaver and Howe. It may well be, if we are to credit the Washington Post, that this carelessly planned program will be a gravy train for black power. I urge you to support the amendment to cut the title I money and program back to planning.

We can come up with a much better program next year. For my part, I have introduced a bill to set up a Bank for Urban Renewal and Development. Others have proposed setting up private corporations. There are many things we can do that would be better than this. I grant you that time breathes down our neck in our struggle to help the cities, but I suggest that funding, a half-baked racial balance scheme that may well be a bankroll for black power is no solution at all. I urge you to support this amendment.

Mr. JONAS. Mr. Chairman, if the gentleman will yield on that point?

Mr. FINO. I yield to the gentleman.

Mr. JONAS. Mr. Chairman, it might be interesting to the Committee to know that the supplemental appropriation bill will be on the floor for consideration in the next few days and that it contains another \$750 million for urban renewal.

We are continuing to fund that program at the \$750 million level per year, and this is superimposed on top of that.

Mr. FINO. Mr. Chairman, I am very happy the gentleman made the comment.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. WELTNER. Mr. Chairman, I move to strike out the last word and I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Georgia [Mr. WELTNER] is recognized for 5 minutes.

(Mr. WELTNER asked and was given permission to revise and extend his remarks.)

Mr. WELTNER. Mr. Chairman, I have heard several of our friends on the other side of the aisle ask the question, "What is the rush?" I think, properly, the question should be, "Why the delay?" The question is: Why is it that the Congress has waited for such a long time to give some degree of proper emphasis to the needs of people who live in the cities? Why is it that the Congress has waited until this year of 1966 to bring before this body a bill which would give some measure of hope for the rebuilding of American cities. The question is not why the rush, but why the delay?

I note that only a few days ago this body adopted a conference report for the spending of \$4 billion for public works. Now we are being beset by our friends on the other side of the aisle for suggesting that there be authorized to be appropriated for the fiscal year 1968 the sum of \$400 million. Four hundred million dollars—that is 10 percent of the amount that is already appropriated for public works—to try to alleviate the oppressing and seemingly impossible conditions of so many millions of Americans who live in cities.

Mr. Chairman, this is no longer a nation of small farmers and shopkeepers. Many wish that it were so. But I, for one, am content that this Nation has grown to be a mighty, industrial, urban Nation. I am content that this is a land where 70 percent of our people have chosen, through their own free will and volition, to live in cities.

I am content that we have rising throughout this whole Nation great urban complexes.

I am very proud to be a representative of one of those great urban complexes, the city of Atlanta. I know what this program can do for a city that plans, and for a city that takes advantage of what is made available through Federal legislation, and I know that the legislation we already have is not enough.

The gentleman from North Carolina says that we are going to consider a \$750 million supplemental appropriations for urban renewal—\$750 million—three-fourths of \$1 billion. That is less than 1 percent of the revenues of this country. Yet, we can spend \$5 billion or \$6 billion or \$7 billion a year on farm programs, and spend \$4 billion to build up lakes, rivers, and harbors. But they say we cannot spend \$400 million to build up our cities.

Mr. JONAS. Mr. Chairman, will the gentleman yield since he mentioned my name?

Mr. WELTNER. I am sorry, I must decline to yield to the gentleman.

Mr. Chairman, we have a massive program of land reclamation in this country, to take land and convert it so that it may be used to grow food. Why can we not add this additional program for the reclamation of human habitations in the United States of America?

The other side of the aisle issued a report the other day talking about crime in the streets. The steering committee, or some such body of the Republican Party, issued some report the other day saying that the great issue facing Americans is "crime in the streets."

I agree that that is an explosive proposition, and it could create more difficulties than we have dreamed of.

I hope that the authors of that report agree with me that now is not the time to decry the possibility of crime in the streets but the time is now to do something about it. This is what this bill will do. It does no good whatsoever to stand here in the well of the House, or to go back home and mount the platform, and talk about crime in the streets.

The only constructive approach is to come here to the Congress and to fashion and pass legislation that will rebuild these centers where crime breeds just as the night follows day.

If the minority in this body are interested in crime in the streets, and are interested in the problems of the cities, and if they are interested in the problems of mobs roaming the city streets, then let us do something for the people who live in those cities.

Mr. HANNA. Mr. Chairman, will the gentleman yield?

Mr. WELTNER. I yield to the gentleman from California.

Mr. HANNA. Mr. Chairman, I want to commend the gentleman from Georgia for his statement and to associate myself with his remarks.

I would like to ask him these questions.

In looking over the work of this Congress, and the money that has been spent in a very good and rightful way for farm programs and public works projects in the great expanse of the outdoors, is it not true that we have derived the funds that we have spent much more from the people of the cities—the 70 percent of our population that is involved in industrial work? Have we not derived our funds substantially from these people?

Mr. WELTNER. I am sure the gentleman has stated the situation correctly. I am sure the gentleman knows that the interests of the people in the cities have gone ignored and have been slighted ever since we began to emerge from a nation of small shopkeepers and small farmers.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. HARVEY of Michigan. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have heard this bill referred to as an aid to eliminating crime in the streets in the next year, and I hear it said, "What is the reason for the delay?"

Well, let me say to the membership here that there is not one single thing in this bill that will do anything for

eliminating crime in the streets in the next year. You can eliminate everything but the planning funds and all that these communities are going to be able to do next year in any event is to plan and that is precisely what we want them to do.

Earlier I heard my distinguished chairman of the subcommittee, for whom I have great regard, term this bill "the greatest comprehensive aid to every American city that exists."

Mr. Chairman, that is unadulterated nonsense. That is how this bill is being passed, or, rather, how they are attempting to pass this bill, by holding it out as a false hope to the cities across America.

There are more than 5,000 American cities, and it will not comprehensively aid those 5,000 American cities. We will be lucky if there are 50 American cities that will benefit from the bill after the planning takes place.

I also heard my distinguished chairman say that the amendment "would cut the heart out of title I."

Mr. Chairman, it would not cut the heart out of it one bit. What it would do is to permit the cities to do precisely what they would do with this money in here, and that is plan during the next year, and that is what we want them to plan.

I might say that I was very surprised to hear the chairman of the Subcommittee on Housing make these statements. I have in my hand the committee print of the bill that we used for the first several weeks, which I believe was introduced by him and from which we worked. This original bill, very coincidentally, provided only the planning funds, because that is what we thought would enable the cities to do the job and what we on this side of the aisle now feel will enable them to do the job if they want to do it.

I submit one final question to the Members of the House: How do you know what we are going to be doing over in southeast Asia, in Vietnam, in 1967 and 1968? In the last month we have increased the number of men over there from 300,000 to 325,000, and I support the President in that effort. But I say to you, How do you know you are not going to have 700,000 men over there in 1968? Is your vote on this authorization bill going to be the same then?

Let me submit one other question. Every administration spokesman I hear tells me that we are very likely to get a tax increase, personal and corporate, right after January 1, 1967, after the next Congress convenes.

I am not going back to my district and tell my people that I am voting for this particular bill, without seeing these plans, and not knowing what that tax increase is going to be, or not knowing what we are going to be needing in Vietnam at that time.

Mr. Chairman, this is a sound amendment. All it does is say to the cities, "You start out with the \$25 million planning funds. We think this is a worthwhile effort. This is the most you will get in the next year in any event. We will look at it very closely next year." And, believe me, you will get my support at that time, also.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. HARVEY of Michigan. I yield to my distinguished ranking Member, the gentleman from New Jersey.

Mr. WIDNALL. I would like to join my colleague, the gentleman from Michigan [Mr. HARVEY] and support his remarks. I hope the gentleman from Georgia [Mr. WELTNER] has not left the floor. He made a very impassioned plea to the emotions. I am sure he will get some beautiful editorials written about the words that he has uttered in connection with the needs that we do not recognize. We must have heart. We must address ourselves to securing these things, and everyone interested in it should vote for this bill.

There is not one single person on this side of the aisle who is not interested in curing the cancerous sores of the city. But this bill at this time is not going to do it. I wish the gentleman from Georgia and the others on the other side of the aisle would discuss the facts as to what is in this bill and not try to emotionalize and editorialize.

Mr. ASHLEY. Mr. Chairman, I rise in opposition to the amendment.

Several questions have been raised by Members of the minority who are in opposition to this title. The gentleman from Michigan has suggested that Members of the majority are engaging in some kind of subterfuge when we bring forward a bill which promises, we say, to hold out hope for the cities of this country. He says that this subterfuge is based upon the fact that there will be only a relatively few cities participating in this program, and that we have not been quite honest with our colleagues or with the public in the presentation of the bill.

I would say to the gentleman that this title is called the demonstration cities program. What could be more clear? We do not say that this is a program that is going to encompass each and every city, the 5,000 cities the gentleman suggested, not for a minute.

We make it clear in two ways that this is a demonstration cities program.

First, we call it a demonstration cities program.

Second, we authorize for appropriations \$12 million for planning in the first year and \$12 million in the second year.

The gentleman knows full well that I inquired, as have other members of the committee, of officials of the Department of Housing and Urban Development as to the cost of planning. There was a little vagueness on this, because the cost depends upon the size of the city project. In any event, it was suggested that the planning of a particular project would be in the neighborhood of between \$250,000 to a half million dollars.

If we have \$24 million for planning, how many applications for planning can be approved?

Is this subterfuge, I ask my friend from Michigan?

Mr. HARVEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Michigan.

Mr. HARVEY of Michigan. What brought this up, as the gentleman will

recall, is that I quoted our subcommittee chairman when he said, "This is the greatest comprehensive aid to every American city." I wrote it down at the time.

I have been besieged by Members on this side of the aisle and on that side of the aisle who have said, "My hometown of Podunk," or "My hometown of so-and-so wants to be a demonstration city. My city manager and mayor have written to me. What chance do they have?"

I say to the gentleman that if one of the Members on his side gets up, such as the chairman, and says, "This is the greatest comprehensive aid to every American city," that is exactly what the tactics are, to encourage every city to believe this.

Mr. ASHLEY. I say that there are two ways to interpret this.

One is to interpret it as the gentleman has, that the gentleman from Pennsylvania is suggesting to the membership—which I do not believe to be the case—that every city in America is going to participate initially in the program.

Let us just suppose that this program is in fact an effective technique for demonstrating new mechanisms to bring about better living in our cities. Would it not follow, from the 50 to 60 cities in which there will be demonstration projects, that there would be the beneficial follow-on impact on other cities derived by what has been demonstrated in those project areas? Would that not be so?

Mr. HARVEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield.

Mr. HARVEY of Michigan. I do not quarrel with that proposition one bit. I do not quarrel with the proposition of demonstration cities. What I say is that they cannot do any more than use the planning funds next year, because this is all they are going to do next year. That is what the amendment of the gentleman from Tennessee would do, to give them planning funds which were in the original bill our subcommittee considered.

Mr. ASHLEY. That is right. I will get to that point.

Mr. HARVEY of Michigan. I agree with the proposition; it would help.

Mr. ASHLEY. Fine. I am happy to have the gentleman agree with me.

Mr. Chairman, I ask unanimous consent to proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. ASHLEY. My purpose in requesting this, Mr. Chairman, is to respond as briefly as possible to my good and valued colleague from New Jersey, the ranking minority member of the subcommittee and the committee, who has on two occasions raised the issue as to what in fact is in the measure before us which will help people, which will help cities, which will provide—and I believe this is the heart of his inquiry—better housing within our cities for people of low and moderate income.

I suggest, Mr. Chairman, it is absolutely and abundantly clear, both in the

bill and in the report, in the criteria spelled out and in the statement of purpose, that the main thrust of this bill is to provide better housing for families of low and moderate income.

We look at the statement of purpose on page 34 of the bill entitled "Findings and Declaration of Purpose." It states there on line 15:

The persistence of widespread urban slums and blight, the concentration of persons of low income in older urban areas, and the unmet needs for additional housing and community facilities and services arising from rapid expansion of our urban population have resulted in a marked deterioration in the quality of the environment and the lives of large numbers of our people while the Nation as a whole prospers.

We go to the next section, 103, on page 36 entitled "Eligibility for Assistance," and we find it says:

A comprehensive city demonstration program is eligible for assistance under sections 105 and 107 only if—

(2) the program is of sufficient magnitude to make a substantial impact on the physical and social problems and to remove or arrest blight and decay in entire sections or neighborhoods.

Then on page 37 it says a city demonstration program is eligible only if—

(3) The program, including rebuilding or restoration, will contribute to a well-balanced city with a substantial increase in the supply of standard housing of low and moderate cost.

So I would say to the gentleman from New Jersey, who I know is sympathetic to the proposition that our cities are in need and that low- and moderate-income families do need assistance in providing better shelter than is now available, that this bill does in fact spell out that this is its principal purpose.

Mr. Chairman, finally let me say with respect to the pending amendment that we might just as well be voting on final passage, because if there is no authorization—contrary to what has been said by the gentlemen in the minority, all of whom, to my knowledge, are against this measure—then I say there is no program and if there is no program, then there is no hope for cities and no hope of help for cities at the very moment in our history when assistance from the Federal Government is most urgently needed.

It is not as if we plan the first year so let us just have planning money. This is a specious argument. What mayor do you know who would be interested if at this point we gutted the bill by striking out the authorization for funds later on? Would we not then be saying to them, "Look. We have \$12 million for you to engage in planning." Planning for what? We would perforce reply. "Sorry. With the help of the minority, the guts of our program were struck out—there is no program."

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. Yes. I yield to the gentleman.

Mr. WIDNALL. The only thing being stricken from title I is the money authorization for fiscal years 1968 and 1969. Every blessed word that you have just read is in there and every single mayor would be looking for planning

money. I do not know any mayor who would not be.

Mr. ASHLEY. What are they planning toward? If we say that we so little mean this program that we strike the funds for carrying it out, then what incentive would they have for planning?

Mr. BARRETT. Mr. Chairman, will the gentleman yield to me?

Mr. ASHLEY. Yes.

Mr. BARRETT. I thank the gentleman for yielding.

I understand the gentleman from Michigan, when I was not on the floor, said that I was advocating at the beginning for planning money only. I want to tell the gentleman that that is true. I did at the very beginning, and I think the minority leader also agreed that this would be fine, but my attention was called to the fact that this planning money would be not appropriate. You could not get the cities to go into a demonstration program unless they had the money to carry out the program when the application was accepted. They must have assurance of the availability of grant funds.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

(Mr. ASHLEY, at the request of Mr. BARRETT, was given permission to proceed for 1 additional minute.)

Mr. ASHLEY. I yield further to the gentleman from Pennsylvania.

Mr. BARRETT. When this was pointed out to me, I saw the fallacy of my approach to this problem and I said, "Yes, I can agree, because I do not think any businessman with any kind of business or political acumen would enter into this type of program if he would not be able to get the money for his program after his application was accepted."

Mr. Chairman, I do hope that the gentleman on the other side of the aisle will not make the mistake that I was going to make at that time.

Mr. Chairman, I thank the gentleman from Ohio [Mr. ASHLEY] for yielding.

Mr. HARVEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Michigan.

Mr. HARVEY of Michigan. Mr. Chairman, I would hope that the chairman would agree with me that in the consideration and the deliberation of the committee we were all agreed upon planning funds; that there was no dissent on the subcommittee whatsoever; that we all felt that planning funds should be authorized and I do not believe there should be any question about that.

Mr. Chairman, will the gentleman answer that question?

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. MOORHEAD. Mr. Chairman, I move to strike the requisite number of words.

(Mr. MOORHEAD asked and was given permission to revise and extend his remarks.)

Mr. MOORHEAD. Mr. Chairman, I rise in opposition to the amendment.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD. I yield to the chairman of the full committee.

Mr. PATMAN. Mr. Chairman, I wonder if we can reach an agreement to end the discussion on this matter and vote?

Mr. Chairman, I would like to see how many Members would like to speak on this subject.

Well, Mr. Chairman, there are just too many Members who would like to speak on this subject. Therefore, Mr. Chairman, I withdraw the request.

Mr. MOORHEAD. Mr. Chairman, I want to make two points as to why this amendment should be defeated.

First, Mr. Chairman, as the gentleman indicated, at one time the subcommittee was considering merely having planning money contained in this bill.

However, at that time the mayors and community leaders came to us and said to us, "Can you tell us whether the Congress is really committed to this program or not—if you just have planning money."

We said, "No; we have to have a commitment of the Congress to authorize some money for the program. This is a commitment. Barring some catastrophe, this is a commitment by the Congress to go ahead. This is a justification for the mayors and other leaders to expend their time, money, and effort for the planning of this program. That is why the Congress should authorize the money at this time."

Furthermore, Mr. Chairman, as the gentleman from Georgia so ably said, we should have been doing it a long time ago. We have found in past years that we have despoiled our natural resources through uncontrolled strip mining, lumbering, and industrialization, and that we have despoiled and polluted our rivers and our air to the point now where we know that we have to be farsighted and preserve our natural resources.

Therefore, Mr. Chairman, we have our national parks, national forests, and sanctuaries and our various other conservation programs.

Mr. Chairman, what we propose to do in this legislation is apply to our cities the lessons which we have learned with reference to conservation and rehabilitation of our natural resources.

Mr. Chairman, I believe the time has come, if it had not, a long time ago, when we should enact this legislation. But, first, we should defeat the pending amendment.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD. I yield to the gentleman from Texas.

Mr. PATMAN. Mr. Chairman, may I ask again if we cannot agree upon the period of 20 minutes for the remainder of the discussion concerning this amendment?

Mr. Chairman, I ask unanimous consent that the discussion on this amendment conclude in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. WAGGONER. Mr. Chairman, I object.

Mr. ST GERMAIN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, yesterday and again today we heard the most amazing argu-

ment, and the most specious one in my opinion, from one who is a member of the subcommittee, with reference to black power and citing the city of San Francisco, I believe it was, with respect to a story that had been carried in the Washington Post.

Everyone knows that no projects to date have been approved, so how could one, who should know better, make a statement to the effect that the black-power interests in San Francisco in—I think the area was Hunter Point, or something of the sort—are going to take over on a particular project.

Mr. FINO. Mr. Chairman, will the gentleman yield?

Mr. ST GERMAIN. I will be happy to.

Mr. FINO. Mr. Chairman, may I ask whether the gentleman was here yesterday?

Mr. ST GERMAIN. I was here yesterday.

Mr. FINO. Was the gentleman paying attention?

Mr. ST GERMAIN. I was paying attention and I was also at all of the hearings, and I paid attention there to what was said also.

Mr. FINO. I made reference to an article that appeared in the Washington Post. It was not my own thinking.

Mr. ST GERMAIN. That is right.

Mr. FINO. This was an article that appeared in the Washington Post of August 28, which talked about a conversation or an interview the writer of this column had with a Mr. Herman, who is the director of redevelopment out there.

Mr. ST GERMAIN. Mr. Chairman, I do not wish to yield for a speech by the gentleman.

Mr. FINO. I am only repeating what I read.

Mr. ST GERMAIN. The gentleman read it yesterday and the gentleman reiterated it today. I say to the gentleman as a member of the subcommittee that the gentleman should know better than to take something such as that as the gospel truth.

Mr. Chairman, I have respect for the gentleman's intelligence and for the gentleman's ability, and I feel it difficult to believe that he believes the words printed in that article.

Mr. FINO. Mr. Chairman, will the gentleman yield?

Mr. ST GERMAIN. Certainly I will yield to the gentleman.

Mr. FINO. Mr. Chairman, I trust that the gentleman will be on the floor a little later on, because I have an amendment which I will offer and, in the discussion of that amendment that I will offer, I will tell the gentleman a little more about this article and the writer of this article.

Mr. ST GERMAIN. That will be fine. I will look forward to that.

Mr. FINO. I appreciate that.

Mr. ST GERMAIN. Mr. Chairman, I say once again I am still greatly amazed at the gentleman's position.

Mr. FINO. I would say to the gentleman to not be amazed but to just listen.

Mr. ST GERMAIN. Mr. Chairman, I would like to ask the chairman of the subcommittee a question.

The Chairman will recall, I am sure, that throughout the hearings on this legislation in questioning the administration witnesses, I asked the gentlemen, I think, to emphasize the fact that this program should not be limited to the larger cities. Because if that were the case, the funds would be expended very rapidly and have a minimum of effect even as a demonstration or model in these United States in that just a few cities would be able to take advantage of it.

The chairman will recall that the gentleman from Michigan stated there are 5,000 cities that perhaps would be interested.

I ask the chairman is it not a fact that as the legislation is now written, as it comes before us, that a sincere attempt is going to be made, and that it has been made clear in the record of the hearings, that the demonstration cities that are approved should be of different sizes, so that all sizes of cities will be affected by this legislation?

Mr. BARRETT. Mr. Chairman, I certainly wish to commend the gentleman from Rhode Island because of his foresight in this program because I think it was the gentleman who established the fact that large and small cities would be given consideration.

Mr. ST GERMAIN. If I might say to the chairman, equal consideration.

Mr. BARRETT. I thank the gentleman. Ultimately we came up with this program. As the gentleman has pointed out in the very beginning, we say small cities as well as large cities ought to be given consideration if the deterioration of that city is such that it needs a demonstration city plan.

Mr. ST GERMAIN. Mr. Chairman, I thank the chairman.

Mr. BARRETT. Mr. Chairman, I wish to thank the gentleman for bringing that to the attention of the House.

Mr. ST GERMAIN. Mr. Chairman, there are many Members of the House who have questioned me on the floor both yesterday afternoon and today on this very point because of their concern that this might be limited just to the larger cities.

In conclusion, Mr. Chairman, I would like to state I wish to associate myself with the remarks of the gentleman from Ohio [Mr. ASHLEY], when he stated so clearly—and the gentleman from Pennsylvania [Mr. MOORHEAD] made the same statement, that you just cannot give the people in the cities the planning funds and say to them perhaps, maybe, someday you may have some money to implement these plans. Because the planning funds that will be granted by HUD to the cities that are selected will be granted after these cities have expended moneys to come up with their first prospectus. And certainly anyone who is aware of the magnitude of these plans realizes that in most instances these municipalities are going to be expending more funds than are granted by the Federal Government for these purposes.

The CHAIRMAN. The time of the gentleman has expired.

(Mr. ST GERMAIN asked and was given permission to revise and extend his remarks.)

Mr. DEL CLAWSON. Mr. Chairman, I move to strike out the last word and rise in support of the amendment.

Mr. Chairman, I was interested in the remarks of the gentleman from Rhode Island, particularly in connection with the colloquy about the article in the Sunday Washington Post of August 28, to which the gentleman from New York referred. I would be the last one to accept everything that you read in an article. However, I would like to bring this article to the attention of a wider audience and perhaps we can get to the meat of the subject and discover whether or not the accusations and some of the charges that have been made here may be true. If they are, then certainly this Congress has an obligation to carry on further investigation, I think, into what the Federal Government might be doing.

This article reads as follows:

[From the Washington Post, Aug. 28, 1966]

"PROGRAMS" STIFLE A LOFTY GHETTO—VIEW OF SAN FRANCISCO IS GREAT BUT 3 YEARS OF AID LEAVE HUNTERS POINT UNCHANGED

(By Nicholas von Hoffman)

SAN FRANCISCO.—A chilly, noncommittal sun bored through the morning fog. It raised the cloudy curtain, as it does almost every morning, so that the people who live here, high up in the Ghetto-in-the-Clouds, could enjoy their million-dollar panoramic view of the Candlestick Park across the cove, their view of the pastel, ticky-tacky row houses of South San Francisco stairstepping up the hills, of the great naval shipyard, of Butchertown's old factories, of the Bay Bridge leapfrogging on to Treasure Island and across the water to Oakland, of precipitous and horizontal downtown San Francisco, Gotham of the West.

The Negro people who live on this promontory called Hunters Point pay their rich man's view, as they say, "no, never mind." Like their always air-conditioned weather, they take it for granted as some of them get into old cars to drive to work and mothers take little ones down the back of the hill to the Head Start nurseries, and social workers drive up the hill while adolescents sleep late and the rhythm of the day begins.

Hunters Point is the ghetto complete to its latest, most advanced stage of urban development, a society with a polity and an economy of its own, distinct, separate, different, segregated and segregating. What is happening on Hunters Point may be an abnormal deviation or it may represent a national compromise on the problem of dealing with poor Negroes in the big cities.

One morning last week, two men stood talking in the doorway of the Youth Opportunity Center, a wooden World War II prefabricated located on the little peninsula's crest. Sloping away from them on all sides, on curling hilly roads that descend toward the water and the Bayview section of San Francisco, are some 2000 units of public housing.

The immediate sight from the Center's doorway is not encouraging. There is a cement, careless parking lot, some boys on a distant sidewalk playing dice as they do every morning and an almost abandoned shopping center. Private enterprise has tried, failed and fled. The only remaining example of free-market activity in this center, originally built to serve World War II shipyard workers who lived on Hunters Point, is the liquor store.

A MOUSE BROUGHT FORTH

Now the largest dollar volume activity in the ghetto is the Youth Opportunity Center, but that also, in the bureaucratic language the people on the hill are learning to use, is phasing out. Begun three years ago as a ten-agency, "coordinated" attack on youthful unemployment, the Center, if not a flat failure, has hardly been a roaring success.

After three years work and more than half a million dollars spent by the Ford Foundation and twice that much by Federal, state and local governments, probably no more than 300 people got full-time, permanent jobs. As with so many poverty programs, the records are incomplete and inconclusive, but the indications are that it cost from \$5000 to \$10,000 apiece to recruit, train and place this handful of Negro youngsters into jobs as office boys, "groundsmen-gardeners" and "clerk-typists." In the segregated and special economy of Hunters Point, the ordinary measures of cost do not apply.

The two men standing in disconsolate frustration at the Center's door knew this.

"Sometimes I wonder what I'm doing up here, why I'm breaking my head against this," Wilfred Ho, the Center's director, remarked. "You can't really say anything. If you report your program's a failure, who's going to pick you up for the next job?"

His companion, an energetic and vehement Negro psychologist who has been a consultant with the Center since its beginning, assented. "Nobody's willing to admit what's going on," said Gene Orro. "I talked to Ralph Sussman from HEW in Washington and his idea was, 'I know all these things, but I don't want to say anything.' That's the name of the game today. It's a charade, but what we're doing isn't worth an obscenity."

"The naive: when San Francisco State College did its study of the Center (a highly critical one), we laughed at the questionnaires. They asked what the Center had done to eliminate racial prejudice. Why, we haven't even gotten to the point of coming into contact with racial prejudice up here on this hill."

"It's so isolated. The citizens don't want to move out of here," said Ho, agreeing that racial prejudice is a purely academic consideration for many in the ghetto-with-a-view.

Next, Orro described how a black power structure, brought to prominence and influence by the new poverty programs, fends off and bamboozles visiting inspectors general from Washington:

"People like me are trotted out of the way naturally and the whole superstructure of big niggers takes over. Smile or be a Mau Mau. You may James-Baldwin it through. You know, kick him, stomp him in the guts, while the visitor says, 'Yes, yes, we're guilty.' Even the ministry is saying kill the whites and the middle class."

Dismayed astonishment at Washington's lack of knowledge about local conditions and the consequences of its programs does not stop with Gene Orro. Oreitha Eggleston, a Negro social worker with a master's degree, had similar words for the Office of Economic Opportunity's summer youth project, a \$44,000 jobs-for-kids "crash program" that seems to have crashed before it took off from Hunters Point.

"Oh, so much could have been done with that money, but the worst thing they could have done was making all of it available this summer the way they did. The children didn't work. They did absolutely nothing. They just sat there day after day doing nothing, getting in everybody's hair and being paid for it. One parent complained she didn't want her son getting this money for doing nothing."

Mrs. Eggleston and others like her are not simply complaining that people are being paid for work they are not doing. They are

worried about the wisdom of paying young people not to throw bricks and Molotov cocktails. They are concerned about rewarding people for antisocial behavior and creating a drifting, purposeless, isolated style of life as outside the Nation's economy as Hunter's Point is removed from San Francisco.

For Gene Orro, Hunters Point is already a special kind of ghetto, a new ghetto without the pain and anger and striving of the old:

"The people here don't want jobs, not real jobs. Jobs take away the one thing they want: leisure time, sitting in front of the liquor store over there and bulling. I'm talking philosophically but this is important. You have to realize the security they have up here on this hill is fantastic. You rob and steal and you can come back up on this hill and be accepted. A mother says the teacher isn't nice to 'my black son' when the teacher tries, because the people here don't try. They're out of it."

"Everything that goes to Washington says we're doing great, but really every leader has found that every problem he solves puts him in danger of losing his position. So they don't want to solve problems."

"Instead they push the ideas that any white person who comes around is in danger. But look what's happened to this community in the meantime. Two years ago we had three Little League baseball teams and two Pop Warner football teams, but now we don't play with anybody outside the community. They even want to build their own high school. The work has been going in the other direction—toward segregation."

SWARMS OF AIDS

A staff member of the California Department of Employment, familiar with Hunters Point statistics, recently estimated that most of the area's job growth arises out of poverty program jobs. The community swarms with "subprofessionals" and "aids" whose duties are imprecisely described as attending meetings, providing contacts, passing out leaflets, "interpreting needs" and "making resources available." One such program (paid for by OEO) in Hunters Point will soon have over 100 people engaged in this sort of nebulous work.

This program is directed, as are many others, by a candid, hard-working young man who makes no pretense at depicting things as other than they are. In fact, George Napper, like Orro and Ho, would welcome more criticism and less praise:

"We have five district offices where all the people work and basically nothing is really being done in this community organization project. We have a lot of people who come here from colleges and universities and say what a fantastic job we're doing, but I just can't see it. Sometimes I think I'm prostituting the community by drawing such a fabulous salary." (Napper is a 26-year-old Negro who is resigning to resume postgraduate studies at the University of California at far less than the \$12,000 a year he is making in his poverty job.)

If Hunters Point is not dynamic, it may be owing to its vast isolation from the dynamic points of American society. There is no business cycle in Hunters Point. The community does not go from boom to bust; instead it follows the more softly modulated, bureaucratic cycle of funding to phasing out.

Moreover, the new programs seem designed to pull Hunters Point yet further away from white America. On Sept. 1, the Agriculture Department's food stamp program will begin in Hunters Point so that the people in the community can even have a currency different from the rest of the population.

FINANCING REVOLUTION

San Francisco's OEO poverty programs are not run by City Hall. Hunters Point and the adjacent Bay View area has its own locally selected poverty board which, within very wide limits, devises and controls what's

done in the community. The system does not set well with some people like M. Justin Herman, head of the city's Redevelopment Agency.

"This is perhaps the first time in the history of our country that the Federal Government has decided to finance open and overt revolution," Herman declared on a recent visit to Hunters Point. Herman is dicker with the local Black Power structure over who will control the Demonstration Cities program to be put into Hunters Point if Congress completes action on the bill that would bring into existence yet one more system of coordination.

But many people working in the community see no revolution, only a separatist, growing vested interest which wants to maintain the system, not destroy it. Observes case worker Bob Ellis: "I think the poverty program has effectively bought off Hunters Point. Some way has got to be found to generate conflict. They ought to bring in a bad police chief. (Hunters Point even likes the police.) Everybody's happy out here. But I wonder, if they keep piling on more and more, doesn't it have to collapse? You do reach a point when you can't absorb any more programs and policies."

Yet everywhere on Hunters Point there are more programs and policies, and all of them seem to detach the community from the rest of the world. In general they are conduits for money to build institutions parallel to the ones already in existence. Thus side by side with the public school system there has sprung up a cluster of OEO and Labor Department-financed educational programs. The rationale for them is that because the more vocal people in the community want them, they enjoy a popular support that will make them more effective.

In truth, they appear to be shabby and undercapitalized. Since they offer neither tenure, fringe benefits nor guaranteed continuity of employment, it's hard for them to recruit teachers. Sometimes, as with the summer "crash" program that was supposed to provide education as well as jobs, the project was doomed before it started.

The overworked administrators had about one week to train and set up a staff organization to run a citywide program involving 400 kids and more than \$400,000. Before the program was six weeks old, the director and three staff members in the Hunters Point section had been fired.

Should anyone care to reverse the growing segregation of Hunters Point, he will face some formidable impediments.

When Hunters Point people are asked what would happen if the jobs were cut out, they shake their heads and predict an "explosion." The community's leaders and/or troublemakers—depending on how you look at them—are the people on the payroll. If their newly created jobs are taken away, the assumption is that they will start marching or, worse yet, rioting.

But, jobs aside, the prevailing tone in California among articulate, militant Negroes is to clear out of white society. In Watts, the "free city" movement is hoping to detach the area from the rest of Los Angeles and set up as a separate municipality. A few miles south along the bay, a Negro group in East Palo Alto has taken the first steps to do the same thing.

California whites may not be averse to the idea either. There is another drive here to get rid of the state's open occupancy law, and in the gubernatorial campaign, neither the liberal, Democratic incumbent, Pat Brown, nor the conservative, Republican challenger, Ronald Reagan, is talking about much besides the importance of protecting property rights.

For the whites, a subsidized and separated Hunters Point may seem a more humane answer to the question of race and poverty than the National Guard, but there are other questions it does not answer. If America has

been going through a second reconstruction, is this its end? Is this the final settlement meant for this generation, the price of peace in the city streets?

Hunters Point people pay such questions no-never-mind. They treat these as words unheard, words unspoken, as they do the roar of the crowd when Willie Mays hits a home run and the noisy cheers rise up to the Ghetto-in-the-Clouds.

Now we have been talking about the respectability of cities.

This Hunters Point project is a Federal program—a program of some 2,000 units with a beautiful view of the bay. It is a place where you look out over the bay—it is a paradise if it were not for the kind of ghetto that it is.

The subject article describes the crime that breeds here, how they go down into the central city and then come back and are protected.

Throwing more money into such programs in my opinion is not going to solve the problems that we are talking about.

I believe we ought to have investigation; we ought to have planning and surveys and do that first, then come back to the Congress and let us see if we can provide programs that will avoid another situation of the kind that has been described at Hunters Point.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. DEL CLAWSON. I yield to the gentleman.

Mr. ST GERMAIN. Is it not the concept of the demonstration cities program to do exactly that which the gentleman just said, to find out how to prevent this crime?

Mr. DEL CLAWSON. The gentleman is absolutely correct. This is certainly what I suggest we do before we engage in another program that might result in what has been done at Hunter's Point, because that was a Federal program. Let us get the planning on the books and then come to Congress.

Mr. ST GERMAIN. May I ask the gentleman this question: Does the gentleman feel as though there is any indication, from what he has read, that this was black power on the move?

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. WAGGONER. Mr. Chairman, I move to strike the requisite number of words.

The CHAIRMAN. The gentleman from Louisiana is recognized for 5 minutes.

Mr. BARRETT. Mr. Chairman, will the gentleman yield to me?

Mr. WAGGONER. I am glad to yield to the chairman of the subcommittee.

Mr. BARRETT. I am very much interested, and I know all the Members on both sides of the aisle are, in trying to conclude this bill early tonight so the Members will not have to come in tomorrow. I was wondering if we could agree upon a limitation of time after the gentleman's 5 minutes.

The CHAIRMAN. Will the gentleman make a unanimous-consent request?

Mr. BARRETT. Mr. Chairman, I ask unanimous consent that we conclude all debate on this amendment after the gentleman concludes and 15 minutes.

The CHAIRMAN. The gentleman from Pennsylvania makes a unanimous consent request that all debate on the amendment conclude in 15 minutes after the statement of the gentleman from Louisiana. Is there objection? The Chair hears none, and it is so ordered.

There was no objection.

The CHAIRMAN. The Chair observed standing Mr. PELLY, Mr. RYAN, Mr. MACGREGOR, Mr. MORTON, Mrs. SULLIVAN, and Mr. MULTER.

(Mr. WAGGONER asked and was given permission to revise and extend his remarks.)

Mr. WAGGONER. Mr. Chairman, it has been my observation through the years that those people nearest the forest have trouble seeing the trees. I do not live in a city. I live in the country near a little town of 1,237 people when they are all home. The Howard Johnson has only one flavor and that is vanilla. But I think people in the cities are having just a little bit of a problem in seeing what they ought to see.

The question has been asked, "Why the rush for this legislation?" The question has been posed in retort, "Why the delay?"

If these cities are as bad as you who live in them proclaim they are, perhaps we ought to build more highways and provide for an accelerated Federal highway program to help people get out of them. I think I have visited most all of the cities at one time or another. Seriously, I do not believe they are all as bad as you say. I do not argue that problems are nonexistent. I know they do exist. I think you ought to ask yourselves why the conditions which you describe exist in the first place, and I think this might be the reason: when the gentleman from Georgia stood in the well and the gentleman from Tennessee asked him to yield, he declined to yield, because until you can answer this question, you cannot solve the problem.

I submit to you that it is rather illogical to assume that the same people who live in the cities and who have allowed these problems to develop and to exist, if given the responsibility to try to correct them with Federal dollars, would come any nearer correcting the problems than they have in trying to prevent them from developing or existing in the first place. If you will be honest with yourselves you must admit that a lack of leadership caused the problem in the first place. I submit that leadership is lacking for corrective action in these cities.

So we have come to the point in the debate that we should ask ourselves some honest questions about what the problems of the cities really are and see if there are any answers.

I submit to you that the cities that you attempt to help with this legislation in fact cannot be helped with the legislation that is proposed. They are practically beyond help. We scoff at De Gaulle and his delusions of grandeur as he admits he seeks to restore France as the number one nation of the world. The idea is futile. So is the idea that this proposal will solve the problems of the cities. It will only add to the power of a centralized Federal Government, bring

more people to Washington with their hat in their hand. It will make a joke of city halls and State capitols. Very little can be done for our cities.

Why? Because the cities have long since exceeded their ability to provide the services needed for the people who live therein. The physical limitations of these subject cities have long since been exceeded, and the resources are not available, nor will they be available under this program, to meet what the people demand—and they do demand, I know. Only so many people can be put on an acre of land. Only so many can be transported at a given time. It is as simple as a can being full of beans.

You cannot provide the needs of transportation, you cannot provide for the living accommodations, you cannot provide for the educational needs, nor can you provide the other public services such as utilities which these overcrowded cities require. There is no available tax base. Race relations is a factor. Crime is a factor. People want out of these overcrowded cities.

It is tragic that this is the situation. But it is.

I have long held to the attitude that no man was entitled to criticize unless he had an alternative to offer.

The alternative is not simply to come to the Congress and say, "Give us dollars to rebuild our cities," because you cannot expend enough tax dollars, and enough tax dollars are not available to rebuild these cities. You cannot rebuild one portion of these decaying cities today without another section growing old at the same time. It is a never-ending process.

There is an answer. The answer is decentralization. This is an answer which is preventive in nature. Cure is not then needed. The President echoed the same thing when he visited Pennsylvania not long ago. The Secretary of Agriculture echoed the same thing in a farm report he made available to Congress this week, when he said, "Get the people out of the cities."

Thank goodness we still have many cities who are capable of solving and meeting their problems. Don't penalize those who provide for themselves. Decentralization is a far cheaper answer than coming to Congress and asking for a 2-year authorization, which we all know is only a drop in the bucket as compared to future requests. The request now is for \$400 million for program money for 1968 and \$500 million for program money for 1969. We should realize that the only thing to be done is to make those cities who get money and others as well who want money thirsty for more money. This will only whet an appetite, and even with a trillion dollars today you could not do what needs to be done in rebuilding these cities. There is testimony to substantiate this fantastic figure.

The CHAIRMAN. The Chair recognizes the gentleman from Washington [Mr. PELLY].

(Mr. PELLY asked and was given permission to revise and extend his remarks.)

Mr. PELLY. Mr. Chairman, one great argument against the demonstration

cities bill is the amount of the money to be spent. But even in view of present inflation due to excessive Federal Government spending, I would suggest other more persuasive reasons to oppose the legislation. For example I am concerned about its undue extension of Federal power. Cities should be doing the job of renewal and rehabilitation without Federal assistance. Furthermore this bill does not make it clear what is to be demonstrated or what relationship the program would have to existing urban renewal and public housing. No one has convinced me, moreover, what this measure would not create a Federal czar who would have absolute control over local affairs. Furthermore under this legislation there seems to be a definite attack on the concept of neighborhood schools through the use of grants. In other words a metropolitan area could be required to locate its schools and fix its policy under Federal guidelines.

Mr. Chairman, in this period of severe inflation, soaring prices and ever-increasing Government spending at home and abroad it is time to call a halt. When money is necessary for education, or poverty, or slums. I have long favored return to the States of tax revenues so local decisions as to spending remain free of Federal control. We have witnessed under programs such as urban renewal, the erosion of local responsibility and this growth of centralization of Federal control. One judge in my congressional district, reluctantly passing on a case where condemnation powers were used to expand a university campus called it morally and economically wrong although on legal grounds he was forced to rule in favor of the procedure.

This is an omnibus bill and anyone in opposition will be charged with being against education and improvements of municipal conditions and many needed changes.

Nevertheless will we support local incentive and while I fully understand the support for this bill of the mayors of big cities and municipal officers, I think the bill in the overall is not the answer to the major crises under which our cities suffer.

So unless the bill is substantially amended and improved, I could be forced to vote against it.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. RYAN].

(Mr. RYAN asked and was given permission to revise and extend his remarks.)

Mr. RYAN. Mr. Chairman, I rise in opposition to the amendment. As has been stated earlier by the distinguished chairman of the Committee on Banking and Currency and by the distinguished chairman of the subcommittee, this amendment would in effect destroy the bill. It would destroy the hope which has been kindled in the major cities of this country by the proposed demonstration cities bill.

Last winter the President of the United States called for a rebirth of the American city, and he submitted this program—which is not a panacea, which is

not going to solve the problems overnight, but which is a start, which is a beginning, and which says to the cities, "If you come forward with a plan, a comprehensive plan, that will take in not only physical renewal but social renewal and human renewal, the Federal Government will help you fund it."

No one should be more aware of the needs of the city of New York than the gentleman from New York [Mr. FINO], who took the floor to try to gut this bill. His Republican administration of the city of New York will benefit if this bill is passed. This bill is a beginning.

New York City has a shortage of housing; some 400,000 units of housing need to be built in the city of New York right now. It is a city which has myriad problems.

This is the result of years of neglect, to be true, but also years of failure on the part of the Congress to recognize that it has an obligation to help the urban dweller and the city resident, just as it long ago assumed an obligation to the farmer. The Federal Government is spending some \$3 billion per year for price supports, cropland diversion, and various agricultural programs. Many of us have supported those programs because we recognized the interdependence of the city and the rural area.

Now in our major cities we need assistance in order to rebuild not only the physical condition of cities which have been permitted to deteriorate but to rebuild human beings and to salvage human resources.

We need a bold plan, an Appalachian program for urban America which I have long advocated.

The terms of the magnitude of the problem, the Demonstration Cities and Metropolitan Development Act of 1966 is a disappointment.

Mr. Chairman, I have watched title I of this bill, the provision for demonstration city programs, change from a 5-year, \$2.3 billion program to a 2-year, \$1.2 billion one, and now to the sum of \$924 million for 2 years. Even \$2.3 billion would not have been enough. Indeed, the mayors of the cities of New York and Detroit, in testimony before the Senate Subcommittee on Executive Reorganization, both indicated how inadequate this amount would be. Testifying before the House Housing Subcommittee on March 21 of this year, I proposed that the \$2 billion be made available for the first year alone, or that the bill we are now considering authorize \$10 billion over a 5-year period. I maintain that this is a far more realistic figure when we consider the magnitude of the problem in our cities, when we consider that we plan to spend about \$3 billion in fiscal 1967 for price supports, cropland diversion, and other farm income stabilization measures, when we consider that we will spend over \$3 billion for the maintenance of natural resources in fiscal 1967. In fact under this bill we will spend for demonstration cities less in 1 year than we spend in 1 week in Vietnam. What a woefully inadequate sum for the salvation of our human resources.

I am further disturbed, Mr. Chairman,

that our colleagues in the other body added a 15-percent limit on the amount of funds any one State shall receive. As I said in arguing against a similar provision in the Housing and Urban Development Act of 1965, this limit is arbitrary, unreasonable, and ill conceived. The total urban population of New York State is 17.5 percent of the national urban population, if we consider cities of 50,000 or more to be urban, as of 1965. Let us assume that at least 50 cities will be selected for demonstration projects. The sum total population of the 50 most populous cities in this country in 1965, according to the 1966 Rand McNally Atlas, was 40,512,000, and the population of New York City alone—8,080,000—is 20 percent of the total population of these 50 cities. Adding Buffalo and Rochester, the populations of all the cities of New York State appearing among the top 50 cities is 22 percent of the national total. Since probably not all of the top 50 cities will receive grants for demonstration projects, the total population in cities selected will be considerably less than 40,512,000. Therefore, New York City's population would be much more than 20 percent of all people in cities conducting demonstration projects. Since New York City will have to share the 15 percent with any other demonstration cities in New York State, it is obvious that New York City and other cities in New York State will be adversely affected by the 15-percent provision.

Reliable estimates place the number of persons in New York City living in poverty-stricken households at more than 1.5 million. New York City's welfare program costs have soared to more than half a billion dollars per year. Since 1949 New York has received an aggregate of only \$286 million in Federal funds for urban renewal out of a total of \$5.3 billion spent nationwide. At the time when the bill contained a \$2.3 billion authorization, the mayors of New York, Detroit, Chicago, all stated that the entire \$2.3 billion could be used exclusively for rejuvenating neighborhoods in their own cities. Compared with the need of New York City alone, the \$60 million available to New York State for the fiscal year 1968 under this program will hardly alleviate the conditions under which millions of our citizens live in New York City. It is no wonder that there are those who out of desperate frustration become alienated from the democratic process.

Nevertheless the demonstration cities, program is an approach to the problems of the city, an approach which may prove to have the potential its framers envisioned. The opportunity to marshal all the existing programs and proposals, some of which are as yet only bold ideas, into a coordinated, concentrated attack on a specific target area desperately in need of help is an exciting prospect.

The bill before us states that the purpose of demonstrations programs are—

To provide additional financial and technical assistance to enable cities of all sizes;

To plan, develop, and carry out locally prepared and scheduled comprehensive

city demonstration programs containing new and imaginative proposals;

To rebuild or revitalize large slum and blighted areas;

To expand housing, job, and income opportunities;

To reduce dependence on welfare payments;

To improve educational facilities and programs;

To combat disease and ill health;

To reduce the incidence of crime and delinquency;

To enhance recreational and cultural opportunities;

To establish better access between homes and jobs; and generally to improve living conditions for the people who live in such areas, and to accomplish these objectives through the most effective and economical concentration and coordination of Federal, State, and local public and private efforts to improve the quality of urban life.

I approve of this concept of coupling physical and human rehabilitation into a single, massive effort.

It is also significant that this proposal is to be a flexible, adaptable program, not one which would exclude subsequent suggestions or ideas related to a particular locality. Rather, this proposal has room for these according to how the locality plans its demonstration project. Indeed, all the forces of businesses, churches, labor, foundations, and universities can be mobilized under it. There is room under demonstration cities for new concepts such as projects which encourage the maximum participation of the residents of the demonstration area by providing jobs in construction and opportunities to participate in social work, training programs, adult education, recreation, and in other areas in which the residents can play a part. Such meaningful participation develops neighborhood, civic, and human pride, a dignity which has been lacking, and a hope for the future.

At the same time, this proposal is not meant to be the final answer, the last word in urban rejuvenation. We would be deluding ourselves if we expected this proposal to solve once and for all the cities' problems. We must still search for new solutions to urban problems and look to the results of the demonstration programs to determine its successes and its failures. Attorney General Katzenbach testified before Senator RIBICOFF's subcommittee:

There are, in truth, a number of plausible methods of organizing our efforts. . . . No single umbrella will cover the whole system of urban affairs.

And the President, in his message on cities, said:

Let there be debates over means and priorities. Let there be experiment with a dozen approaches, or a hundred.

If this is to be an experiment, then cities should not be selected on the basis of their potential for success, as Secretary Weaver suggested, but rather on the basis of the manifest need of a particular neighborhood. Also, let me warn again, as I did before the Subcommittee on Housing, against sacrificing total planning to speed and expediency. If

cities rush to get their proposal in as early as possible to compete with the proposals of other cities, then much will be lost during the initial planning stages, and the overall success of the demonstration program threatened. Cities should be selected neither on a first come first served basis, nor on the basis of their chances for a palpable success, but on the needs of the city and the merits of the program.

The second title of this bill is closely related to the first, as closely related as are the suburbs to the central cities.

As the President observed in his January 26 message on demonstration cities:

The absence of cooperation between contiguous areas is wasteful.

It is wasteful, Mr. Chairman, because of the duplication and inefficiency. It is wasteful because the suburbs have for too long contributed to the problems of the central city without contributing to the solutions of these problems. In addition to the demands of the commuters, the suburbs impose additional hardship on the cities as havens for those wealthy enough to move. Discriminatory housing practices also result in systematic exclusion from the suburbs. The poor remain locked in the central city.

This title, however, should encourage contiguous areas, neighboring local governments, and conflicting or overlapping jurisdiction in the same metropolitan area to work and plan together on the local level to confront the vast number of common problems which have too often been left to the cities exclusively.

This title requires that all applications for Federal loans or grants for projects for open-space land, or hospitals, airports, libraries, water supply and distribution facilities, sewerage facilities, or water development and land conservation, highway, transportation facilities within any metropolitan area must, after June 30, 1967, be submitted for review and comments by a metropolitanwide comprehensive planning agency.

This section also provides for a "metropolitan expeditor" who would on request of local officials be appointed by the Secretary of Housing and Urban Development to provide information and assistance to local authorities and to Federal agencies with respect to HUD's programs and activities.

Title III includes provisions for liberalizing the FHA cooperative housing program and for preventing premature foreclosures on FHA-financed multifamily housing projects. The most significant parts of this title, though, are the provisions for raising the limits of mortgages financed under the FHA home mortgage insurance program for low- and moderate-income families, and for a new innovation in FHA below market interest rate financing of housing for low-income families. This latter would provide for FHA-insured mortgages for nonprofit organizations for purchase and rehabilitation of single family dwellings for resale to low-income individuals or families. Both these measures will contribute substantially to the desirable goal of homeownership for low-income families, which is a necessary comple-

ment for the construction of housing projects, and to a sense of pride and self-respect among low-income families which homeownership provides.

Title IV opens up an exciting possibility for a new kind of Federal program, that of FHA mortgage insurance for planned, new communities. The need for such a program is adequately demonstrated by the fact that, between 1960 and 1965, the suburbs have grown in population by 17.7 percent, while the central cities have grown by 3.2 percent during this period, and this trend is likely to continue. The mushrooming suburbs should not be allowed to become metropolitan oases which hide from the central cities behind a lily-white curtain. Rather, this title should encourage the construction of new communities which would be a contributing part of a planned metropolitan network. We must be wary, however, that these new communities do not become the middle-class ghettos, the closed suburban communities which many privately financed new towns have become. These new communities must provide housing for all income groups, permitting rich and poor alike to have the option of moving away from the central city if they so desire. We must make sure, in view of the defeat of the civil rights bill of 1966 in the Senate, that these new communities do not discriminate in any way in the sale of homes.

The authorization for FHA mortgage insurance for the construction of facilities for the group practice of medicine, optometry, and dentistry is contained in title V. This provision is of critical importance to those individuals who cannot get adequate medical care because of rising costs—hospital and doctor bills have risen 3.4 percent in the past 6 months—and to the cities which provide public health facilities for the indigent poor. Considering that the demand for health care is rising while the doctor-patient ratio is expected to remain about the same, group practice is one solution.

Title VI of this bill provides grants to localities for the recognition, relocation, and restoration of historic and architecturally valuable structures in urban renewal areas and loans to tenants or owners of these types of structures for their acquisition and rehabilitation. These are commendable provisions. Only recently was the grand Metropolitan Opera House in New York City saved from the wrecker's ball. Regrettably, many other valuable buildings are not so fortunate and are destroyed. It is my hope that this measure can help prevent such losses.

Title VII also grants permission to use air rights sites in urban renewal areas for industrial development. This may contribute to the urban renewal plan if the industry is compatible with the residential area, if it can provide substantial employment opportunities for the residents of the urban renewal area, especially the poorer residents, and if it is made manifestly clear that the sites are indisputably unsuitable for low- and moderate-income housing. But who, I wonder, will determine whether the site is unsuitable? The local urban renewal

agency, I suspect, the same type of agency which has authorized the construction of high rent, luxury apartments for urban renewal sites in the past and has systematically excluded low- and moderate-income housing. This situation must be halted. The provision that the site must be determined to be unsuitable for the use for low- and moderate-income housing must be carried out explicitly.

In title VIII, changes are made in legislation pertaining to rural housing, including extending the eligibility for and raising the ceilings of certain loans for purchase, rental, or repair of rural dwellings. The housing problem is a national problem, and the needs of our rural citizens must not be overlooked. As an urban Congressman, I recognize the relationship between the urban and rural areas of our country, and I recognize that providing adequate housing and opportunities in rural areas may well preclude the necessity for many of the rural poor to move to the city. By making more of our rural citizens eligible for low income housing and government loans, we can help both rural and urban areas.

Finally, title IX, besides including many clarifying amendments, also provides additional FHA assistance for cooperative housing, including FHA-insured advances during the construction of such housing, and for low-income housing under the section 221(d)(3) program. Also included are provisions: First, for Federal grants for the development of open-space areas whether or not these areas were acquired under a Federal grant program; second, for the Secretary of Defense to acquire the homes of servicemen and other employees of military bases slated to close or to reimburse them for losses, resulting from such closings, suffered in the sale of their homes, and third, for extending to 6 months after the passage of this bill the time allowed for submission of the report on the Secretary of the Department of Housing and Urban Development's study of relief for homeowners in the vicinity of airports.

Mr. Chairman, I am concerned, however, that of the three research and development projects, those in technology relating to design and construction of housing, urban environment, and hydrology, provided in this bill, only one project, the technology study, was granted a specific appropriation authorization. Considering the \$5.3 billion appropriated to NASA for space research, the \$15 million for the application of advances in technology is a token sum.

Mr. Chairman, despite the bill's weaknesses, its limitations and its deficiencies, it is urgently needed. The cities cannot begin to solve their problems without substantial Federal assistance. In New York City, for example, the fight for decent housing is being lost. The rate of decay of city housing has outstripped the role of rejuvenation and replacement. Unsound housing units in New York City, exclusive of rooming houses, have increased from 420,000 in 1960 to 525,000 despite present local, State, and Federal programs. At the same time, the rent-to-income ratio has increased from 18.4 to 20.4 percent.

The mayor of New York, testifying before Senator RIBICOFF's subcommittee stated that, in New York City, some 350,000 dwelling units are in buildings constructed before 1900, and a full 800,000 units are substandard, or one-fourth of New York City's total housing. Compare this latter figure with the 500,600 units which represents the total effort of Federal, State, and local authorities all over the country over a 5-year period in low- and moderate-income housing, including Federal, State, and local public housing, below market interest rate financing, low interest loans, and rehabilitation. The total 5-year effort of every level of government in this country could not adequately resolve the needs of the Nation's greatest city. And, by 1970, it is anticipated that almost 70 percent of all housing units in New York City will be more than 40 years old.

Let us look further at New York City, where nearly 2 million people live in poverty, enough people to be the fourth largest city in the country. Welfare payments amount to \$650 million a year, 14 percent of the city's budget, while only 7 percent of New York City welfare recipients live in public housing. This means that welfare payments to nearly all New York City's welfare recipients, payments which represent tax dollars, go to slumlords. New York City will spend \$571 million this year on hospitals and health services, and, despite this, \$400 million is urgently required to renovate or rebuild obsolete hospital facilities. And New York City's rapid transit system which every day transports 3½ million people, many of whom are commuters, in and out of the 9 square miles of Manhattan south of Central Park, requires \$4 billion over the next 10 years, 40 percent of New York City's capital budget for that period, for modernization. Yet this is the city which Secretary Weaver said before the authorization was cut, can expect to receive about \$50 million a year. This is an inadequate sum, to put it mildly.

The national picture is no less bleak. In a few years, 80 percent of all Americans will live in cities or dependent metropolitan areas. And right now, some 7 million urban homes are run down or deteriorating, and some 3 million are without adequate plumbing. It is estimated that by 1975, 2 million new homes will be needed; the cities will have 10 million additional school children; and they will have to move 200 million people and 80 million autos per day.

But even these figures are mute when we consider the desperate plight of the ghettos, the blighted neighborhoods which the demonstration cities legislation anticipates rehabilitating. In these areas, over 35 percent of the families live in poverty, over 40 percent of the housing is substandard, unemployment is as high as 20 percent, school dropout rates are as high as 70 percent, infant mortality is twice the normal rate, and the incidence of deaths from TB, pneumonia, and influenza is two or three times that outside the ghetto.

Clearly, the closer we look, the more hopeless conditions appear—hopeless because the cities have exhausted all the

remedies available to them. Their local tax base is eroding, for each new tax is followed by an exodus of the middle-income class and of businesses. The amount of decent housing declines as the low-income market increasingly predominates, for private builders will invariably build where the money is. And, as builders move out, job opportunities and city revenues decline still further. This is a vicious cycle. As more housing is needed, less is available. As more jobs are needed, fewer are available. As the need for more city revenues increases, the tax base withers.

Some of the results of these conditions have erupted in violence. As Attorney General Katzenbach observed:

These riots were indeed fomented by agitators—agitators named disease and despair, joblessness and hopelessness, rat-infested housing and long imparted cynicism.

Mr. Chairman, we have before us a bill which can help snap the spiraling vicious cycle of poverty. The cities of America need massive infusions of Federal assistance. Two years is obviously not enough, but if, after 2 years, the Congress will enlarge the program both in scope, to assist many more cities, and in size, to make a meaningful financial commitment, then we may reap some of the benefits this legislation promises. If, however, the Congress does not grant adequate financial authorization, the demonstration cities will be doomed without a chance, and the urban rebirth which the President has promised for the Nation may well be a miscarriage.

The CHAIRMAN. The time of the gentleman from New York [Mr. RYAN] has expired.

The gentleman from Minnesota [Mr. MACGREGOR], is recognized for something less than 3 minutes.

(Mr. MACGREGOR asked and was given permission to revise and extend his remarks.)

Mr. MACGREGOR. Thank you, Mr. Chairman. I rise in support of this amendment.

Mr. Chairman, this bill consisting of some 102 pages accompanied by a committee report of 156 pages was first available to the Members of this body 6 weeks ago. This amendment we are considering is to the comprehensive city demonstration program title, title I of the bill, which in and of itself is 15 pages long. For those of us who are not privileged to serve on the Committee on Banking and Currency, there has indeed been precious little time to carefully consider each and every one of the 82 subsections in this 102-page bill.

The first section is most attractive in concept. The idea of mobilizing Federal, State, and local resources, both public and private, in a concentrated effort to improve the physical and social environment of an existing slum neighborhood is undoubtedly the right approach.

I am impressed by the fact that the present amendment does not in any way do damage to what appears to be a very hopeful concept in title I of this bill. This amendment says, "Let us plan intelligently before we commit ourselves to the exact direction in which we go forward." The Department of HUD says it

needs a year for planning. Let us go forward with comprehensive plans during the course of the next 9 months and then see before the end of this fiscal year, on June 30, 1967, what direction would be the best direction to take in order to implement the plans that are deemed appropriate by the Executive and the legislative branches of this Government.

What could be more sound? Mr. Chairman, all of us in this body know that we are now facing expenditures in this fiscal year of approximately \$130 billion with a proposed \$14 to \$15 billion supplemental appropriation bill for Vietnam in January. We know in this body that receipts of our Government for fiscal year 1967 are now estimated to be in the neighborhood of \$117 billion.

Mr. Chairman, we are facing at the present time a projected deficit for this fiscal year of \$13 billion. I appreciate that this amendment does not in any way affect the \$24 million for planning. That will go forward. However, the gentleman from Pennsylvania [Mr. MOORHEAD], talked about us making a commitment here today on a new program that will bind a new Congress elected by the American people 3 weeks from Tuesday. I think it unwise, Mr. Chairman, to bind a new Congress on a new program, not an ongoing program but a new program, when the American people are going to have an opportunity in just 3 weeks from now to express themselves on whether they want these expensive programs and the tax increases that will be absolutely necessary in order to pay for them.

The Minneapolis-St. Paul metropolitan area has an excellent attitude and a progressive record of accomplishment in cooperative efforts through a five-county area to attack the problems facing all of our metropolitan centers. I feel sure that our metropolitan planning commission in cooperation with State and local officials and interested private citizens could develop a plan consistent with the purposes of the first section of this bill. Hopefully, the planning in my area and other additional plans would persuade the House Committee on Banking and Currency to authorize grants to carry the planning forward into reality.

It has been made abundantly clear here that no money will be appropriated this year to finance anything but planning during the next 8 or 9 months. We will have a new Congress in 3 months consisting of newly elected Representatives of the American people. That Congress will be obliged to consider a supplemental appropriation well in excess of \$10 billion for Vietnam together with a broad tax increase proposal of perhaps \$10 billion. Surely it would be more intelligent, since the majority does not plan in any event to grant any money under this title until next July 1, to have the members of the Banking and Currency Committee of the 90th Congress together with all of the Members of this body carefully evaluate expenditure priorities in this and other domestic programs.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

The gentleman from New York [Mr. HORTON], is recognized for something less than 3 minutes.

(Mr. HORTON asked and was given permission to revise and extend his remarks.)

[Mr. HORTON addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentlewoman from Missouri [Mrs. SULLIVAN].

Mrs. SULLIVAN. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. MULTER].

(Mr. MULTER asked and was given permission to revise and extend his remarks.)

Mr. MULTER. Mr. Chairman, it is awfully strange to hear some of the arguments against this bill, and all of them can be summed up to mean that if this amendment prevails, there will be little or nothing left to the bill and, certainly, nothing left to the new programs as now called for by the bill.

Mr. Chairman, permit me to direct the attention of the Members of the Committee of the Whole House on the State of the Union to the bill, S. 3708, which we are considering here.

Mr. Chairman, this bill was passed in the other body in August of 1966.

Mr. Chairman, we have two volumes of testimony taken over a period of 18 days on this bill.

Permit me to call your attention further to the fact that the distinguished gentleman from New York [Mr. FINO], who is raising so much objection to this legislation and who finds so many ghosts and scareheads in it, that gentleman on February 24, 1966, introduced a bill which provided, and I read:

There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

Without any limitation of any kind whatsoever.

Mr. Chairman, we bring the bill here to the floor of the House now and we limit the provisions thereof to planning for the 2 fiscal years ahead, and then we provide only an authorization for the next 2 fiscal years.

Mr. Chairman, we are not appropriating now. We are merely authorizing.

Mr. Chairman, all of those who are saying, "Now, let us not spend any money; let us reduce the deficit," let me say to them, "Let us consider the deficit that exists today in the human lives, and in the lack of housing, and in the lack of educational facilities and in the lack of adequate community facilities."

Mr. Chairman, let me urge those of you that do not like the bill, then vote with the gentleman from New York [Mr. FINO] and vote against it.

But, Mr. Chairman, let us not try to gut it first by adopting an amendment such as this.

Mr. Chairman, let us not pass just a title. Let us pass a bill. Let us defeat this amendment and then proceed to a vote on the bill.

The CHAIRMAN. The Chair recognizes the gentleman from Rhode Island [Mr. ST GERMAIN].

(Mr. ST GERMAIN asked and was

given permission to revise and extend his remarks.)

Mr. ST GERMAIN. Mr. Chairman, I would like to get just one point across to the Members of the Committee of the Whole House on the State of the Union.

Mr. Chairman, I think the ranking member of the committee and the chairman of the committee might help in this also.

Mr. Chairman, there has been a cloud cast upon this legislation. I believe that we should make it clear that it is in no way a civil rights bill and in no way directed toward helping only the Negro ghetto. But, it is directed toward helping the sick cities, no matter where they may be or no matter whom the residents thereof are.

Is that not a clear statement of fact?

Mr. BARRETT. Mr. Chairman, if the gentleman will yield; that is correct.

The CHAIRMAN. Under the unanimous-consent agreement all time has expired.

Mr. ASHLEY. Mr. Chairman, I make a point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Ninety-four Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 364]

Abernethy	Fisher	O'Konski
Adair	Flynt	Pool
Albert	Foley	Powell
Andrews,	Frelinghuysen	Purcell
Glenn	Fuqua	Redlin
Aspinall	Green, Oreg.	Reinecke
Baring	Greigg	Resnick
Burton, Utah	Gross	Rivers, Alaska
Cabell	Hagan, Ga.	Rogers, Tex.
Callaway	Hamilton	Roncalio
Celler	Hansen, Idaho	Schisler
Clancy	Harvey, Ind.	Scott
Clausen,	Hébert	Selden
Don H.	Hicks	Smith, Calif.
Conte	Johnson, Okla.	Smith, Va.
Cooley	Johnson, Pa.	Stafford
Corbett	Karth	Stephens
Corman	Latta	Teague, Tex.
Culver	McCulloch	Thompson, N.J.
Curtin	McMillan	Thompson, Tex.
Davis, Ga.	Mackay	Toll
Dawson	Mackie	Trimble
Denton	Martin, Ala.	Ullman
Derwinski	Martin, Mass.	White, Idaho
Dickinson	Matsunaga	Willis
Dowdy	Michel	Wilson,
Duncan, Oreg.	Moeller	Charles H.
Edmondson	Morrison	Wyatt
Evans, Colo.	Moss	
Evins, Tenn.	Murray	

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. Flood, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill S. 3708 and finding itself without a quorum, he had directed the roll to be called, when 348 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee [Mr. BROCK].

The question was taken and the Chairman announced that the "noes" appeared to have it.

Mr. BROCK. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. Brock and Mr. BARRETT.

The Committee divided and the tellers reported that there were—ayes 110, noes 141.

So the amendment was rejected.

(Mr. OTTINGER asked and was given permission to revise and extend his remarks at this point.)

Mr. OTTINGER. I am very proud to have this opportunity to play a role in shaping and enacting this badly needed legislation. In my opinion, the Demonstration Cities Act, S. 3708, offers us our first real chance to deal with the crisis of urban blight and poverty and the tremendous social and economic problems that result.

As a member of the House Banking and Currency Committee, I have been deeply involved in the difficult job of shaping this legislation and I could not let this moment pass without paying a public tribute to the skill and leadership of the distinguished gentleman from Pennsylvania [Mr. BARRETT]. As the chairman of the Housing Subcommittee, it was his responsibility to guide this legislation from its inception as a bold new idea to its enactment here today.

I have great confidence in the enduring contribution that this legislation will make to improving the quality of American life and I can attest that that improvement will be in no small part a monument to our colleague [Mr. BARRETT].

AMENDMENT OFFERED BY MR. HARDY

Mr. HARDY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARDY: On page 38, line 20, strike out the period and insert in lieu thereof the following: "Provided, That the authority of the Secretary under this paragraph shall not be used to impose criteria or establish requirements except those which are related and essential to the specific provisions of this title."

The CHAIRMAN. The gentleman from Virginia [Mr. HARDY] is recognized in support of his amendment.

(Mr. HARDY asked and was given permission to revise and extend his remarks.)

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman.

Mr. PATMAN. Mr. Chairman, we are acquainted with the gentleman's amendment. He gave it to us in plenty of time to discuss it and evaluate it. We are willing to accept it on this side.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman.

Mr. WIDNALL. For the purposes of the RECORD, I would like to have an explanation of what this amendment does?

Mr. HARDY. Mr. Chairman, I have given, as the gentleman from Texas [Mr. PATMAN] has said, a copy to him, and also to the gentleman from New Jersey [Mr. WIDNALL].

Mr. WIDNALL. But will the gentleman state for the purposes of the RECORD what this amendment does?

Mr. HARDY. Mr. Chairman, the subsection (5) which begins on line 18 reads as follows:

The program meets such additional requirements as the Secretary may establish to carry out the purposes of this title.

Mr. Chairman, this seems entirely too broad to me and puts no limit whatever on the requirements which the Secretary may impose. My amendment attempts to limit the authority somewhat by stipulating that the Secretary shall not impose criteria or requirements except those which are related and essential to the specific provisions of the title. Actually, I am not sure that my amendment is sufficiently restrictive, but I think it helps a little.

I am grateful to the chairman of the committee, the gentleman from Texas [Mr. PATMAN], for accepting the amendment, and I hope that the gentleman from New Jersey will do likewise and that the amendment will be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. HARDY].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. WIDNALL

Mr. WIDNALL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WIDNALL: On page 47, line 2, strike out "and 107" and insert the following: "and 107 of this Act and grants under the second sentence of section 103(b) of the Housing Act of 1949".

On page 48, line 11, strike out "shall be exercised only" and insert the following: "shall be exercised only to the extent that funds for such grants have theretofore been appropriated pursuant to section 111(b) of the Demonstration Cities and Metropolitan Development Act of 1966, and only".

On page 48, lines 16 and 17, strike out "the Demonstration Cities and Metropolitan Development Act of 1966" and insert "such Act".

Mr. WIDNALL. Mr. Chairman, in voting down the Brock amendment, the House has in fact given approval to the \$900 million authorization for 2 years, fiscal year 1968 and fiscal year 1969.

It must be said that as title I is now written, it earmarks the great bulk of existing, already authorized urban renewal funds for demonstration cities as well. This is a very important point. This applies to not only the \$900 million authorized in this bill but also to previous urban renewal funds amounting to \$1.5 billion. This means that for every dollar of demonstration cities money used for urban renewal operations, the Federal Government will have to cough up on a priority basis an additional 2 to 3 matching dollars of urban renewal funds for just a few cities, 50 at the most.

Testimony before the Housing Subcommittee, and yesterday on the floor, indicates these funds will go to a few cities, to possibly less than the 50 I just mentioned. I think it is unfair that we give so much to a few cities, and at the same time shut so many more out of the regular urban renewal program, which is oversubscribed right now.

My amendment will make all the demonstration cities use only those urban renewal dollars that come from appropriations authorized under this bill. It will leave the urban renewal authori-

zation already in existence for those cities that do not qualify under Secretary Weaver's criteria as a demonstration city. They can still obtain urban renewal funds if my amendment passes.

I would think the majority would welcome this amendment, since it cures the basic defect in the bill: A great deal for a few and very little, perhaps nothing, for many.

I am thinking of the statement made yesterday on the House floor by the gentleman from New York about the Poughkeepsies and whether they would still be able to keep their urban renewal money.

My amendment, if adopted, would still allow the Poughkeepsies and other cities in the United States to obtain urban renewal money under the urban renewal program, even though they were not selected as demonstration cities.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. Is it not true that what the gentleman is trying to do with the amendment is to take out the \$250 million of urban renewal money which is within the demonstration cities program from the \$900 million to be appropriated for the 2 years for the demonstration cities program?

What is the shift here?

Mr. WIDNALL. The \$250 million, as I understand it, would be for the one-third contribution with respect to the cities. Now, there is another two-thirds contribution that would also be earmarked under this bill and would become a priority item for demonstration cities, as I understand the proposal now before the House.

Mr. BARRETT. Much as I hate to disagree with my colleague and the leader of the minority on the committee, his amendment does nothing to help either urban renewal or the demonstration cities program. This will take out of the urban renewal \$250 million which could be used to benefit the demonstration cities program by wiping it out and taking the \$250 million out of the \$900 million to be appropriated for the demonstration cities program.

I am sorry to say, Mr. Chairman, I do not believe the amendment is well thought out, and it will not have the effect the gentleman intends it to have.

I hope the amendment is voted down, to save time.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

(By unanimous consent, Mr. WIDNALL was allowed to proceed for 2 additional minutes.)

Mr. WIDNALL. Mr. Chairman, we just had extensive debate over the \$900 million to go into the demonstration cities program, all earmarked for that purpose. We did not debate the \$250 million of other urban renewal authorizations presently in existence.

As I understand the remarks of the distinguished leader of the House majority on the subcommittee, the \$250 million in this bill for urban renewal is intended just for the 50 demonstration cities; but, the existing authorizations for urban renewal for which many, many nondemonstration cities have needs at

the present time, would be affected. These nondemonstration cities could end up with nothing, the money would go to the 50 demonstration cities.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from Ohio.

Mr. ASHLEY. The gentleman will recall that during the days when our subcommittee was considering this bill he and I and others on the subcommittee were concerned lest urban renewal funds which would otherwise be available to cities not participating in the demonstration cities program might, because of the priority of the program, be channeled into the demonstration cities program. The gentleman will recall that the answer of the subcommittee to this problem was to make available additional urban renewal funds specifically earmarked for the demonstration cities program.

The \$250 million to which the gentleman is referring in his amendment are funds for urban renewal that will go directly and specifically for demonstration city projects so that there will not be a drain on urban renewal funds under the general program; funds which will go to support urban renewal projects which are independent of demonstration cities projects.

Mr. WIDNALL. Also at the time this was discussed it was decided to put in \$600 million in additional urban renewal funds in order to prevent this, and it went to the Senate and they cut it by \$350 million.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

(Mr. WIDNALL asked and was given permission to proceed for 1 additional minute.)

Mr. ASHLEY. Mr. Chairman, if the gentleman will yield further, he is entirely correct. We did most certainly put that in at \$600 million. That was when we were considering a demonstration cities bill of a magnitude of \$2.3 billion.

Mr. WIDNALL. It is a greater magnitude now. Let us not discuss that here.

Mr. ASHLEY. That is the point. It was cut down in the Senate to \$250 million because grant funds for demonstration cities were cut from \$2.3 billion to \$900 million.

The CHAIRMAN. The time of the gentleman from New Jersey has again expired.

(Mr. WIDNALL asked and was given permission to proceed for 1 additional minute.)

Mr. CAHILL. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman.

Mr. CAHILL. I am not clear myself—and I suppose some of the others may have the same problems that I have—as to what exactly the gentleman's amendment means. Do I understand that in addition to the \$400 million authorized under the demonstration cities title of this bill that there will be an additional \$250 million coming from urban renewal funds and that if a city is entitled to urban renewal but not selected as a dem-

onstration city, that there will be \$250 million less for those cities qualified but not eligible as demonstration cities?

Mr. WIDNALL. The urban renewal funds in this, \$250 million, could not be touched by other cities in an urban renewal project. It would have to be a demonstration city to touch the \$250 million. And that \$250 million will not be enough unless the Demonstration City program is a failure.

The CHAIRMAN. The time of the gentleman from New Jersey has again expired.

(Mr. WATSON asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. WATSON. Mr. Chairman, should we pass this so-called demonstration cities bill, we will be opening the door to one of, if not, the most expensive programs ever considered by us. Frankly, I doubt that we would even be able to afford the printing presses to print the money that will be necessary, much less finance this program to its completion.

Instead of trying to bribe the cities with their own money, why do we not allow the cities to keep some of their own money? Frankly, most of the financial problems in our communities and cities are primarily the result of Washington preempting their tax base and diminishing their ability to meeting the needs of their own citizens. What is happening today is that the Federal Government has so choked and stifled our State and local governments in the realm of taxation, that our local governmental officials are being forced to turn to us in desperation.

Just as we are facing serious problems in our educational systems because of the illegal guidelines promulgated by the Commissioner of Education Harold Howe, passage of this legislation will bring further guidelines in the area of housing as well as education. We have allowed too much Federal money into our schoolhouses, and now Washington seeks a further invasion and takeover of our city halls and county courthouses.

According to the proponents of this measure, and I quote:

The Federal Government will help with technical and financial assistance, those cities presenting imaginative and effective ways of dealing with the physical and social problems of our urban areas.

Under the provisions of this measure, only those cities which are willing to submit to certain criteria as laid down by the Federal Government will be the beneficiaries of this financial aid. This means, they must conform with such plans as may be laid down by the Federal Government.

Without question, this bill would place unprecedented power in the hands of Commissioner of Education Howe, and the Secretary of Housing and Urban Development Robert Weaver. Past experience should convince us that these funds would be used primarily for the purpose of racial, social, and economic integration and not to remove the blight in our cities.

Many of our communities and States

have earlier experienced the heavy hand of Federal "registrars" attempting to direct our elections. But under the provisions of this bill, we will find new Federal commissars roaming the country under the name of "expeditors." As one of our noted columnists properly said, this bill is truly a "Trojan horse," and if the people knew what was in it, they would "hang its sponsors."

Let us not pass this measure which would put an economic pistol to the heads of our cities to be used primarily for further racial integration in housing and in our neighborhood schools. The people are tired of Washington's effort to buy or bribe them with their own money.

Certainly, no one could allow title II of this omnibus bill to be passed. Under its provisions, no metropolitan community would be able to get financial assistance, even for the development of water or sewage facilities, or any other program, without Secretary Weaver imposing such terms and conditions as he deems necessary on other projects that are federally assisted. The Secretary could make any grant for any project contingent upon areawide school mixing, or, for that matter, any other contingency of his choosing. Even zoning of land, or busing of children could be forced upon the metropolitan area prior to approval of a grant for any purpose, although totally unrelated.

Mr. Chairman, while the local governments need additional funds to meet increased demands as the result of increased population and depreciating facilities, I believe the price of this program, particularly in terms of money and in loss of local control, is too high to pay. We would be opening a Pandora's box, from which only a few cities, who are willing to succumb to all Federal demands, would be benefited, and the others would continue wrestling with their own problems, with even a heavier individual Federal tax burden. It is time we realize that Federal money is not the answer to all of our problems. The magnitude of this program is difficult to imagine, for the President himself has said that it would eventually require upward of \$100 billion.

Mr. CAHILL. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I take this time merely to ask some questions, because frankly I am still perplexed. I ask any member of the committee this question: Assuming that a city is eligible for urban renewal funds and, as a project, it is qualified but that city does not qualify as a city under the demonstration cities program, will there be \$250 million less for the city qualified under urban renewal but not qualified under the demonstration cities?

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. CAHILL. I will be happy to.

Mr. ST GERMAIN. The \$750 million appropriation referred to by Mr. JONAS of North Carolina earlier this afternoon is \$750 million for urban renewal in existing communities that have filed applications. When we had the hearings

on this bill some of us questioned the Secretary of HUD as to whether or not the bill passed, if a city selected as a demonstration city were to have an urban renewal project in it, would it then have a priority on urban renewal funds, on the existing authorization, the annual yearly authorization. He said, "No. We are not going to rob Peter to pay Paul." By the same token, when asked where those funds would come from, he had no answer. Therefore, the subcommittee put in \$600 million which has been now cut to \$250 million for the specific purpose of funding urban renewal projects in demonstration cities. This is to protect other cities without demonstration cities projects to see to it they can continue to get their urban renewal funds.

Mr. CAHILL. So, what the gentleman is saying is that, in effect, there will be \$250 million additional urban renewal funds?

Mr. ST GERMAIN. That is correct.

Mr. CAHILL. And, which will be available for those cities which qualify under the demonstration cities program?

Mr. ST GERMAIN. That is correct.

Mr. CAHILL. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. WIDNALL].

The question was taken; and on a division (demanded by Mr. WIDNALL) there were—ayes 29, noes, 54.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. FINO

Mr. FINO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINO: On page 38, line 17, strike out "and".

Page 38, after line 17, insert the following: "the Secretary shall not approve any until a list shall have been furnished of local groups which will be participating in such program, and these shall have been investigated by the Department of Justice to see if any among them shall be subversive, or connected with 'black power' or any other racist organizations."

Page 38, line 18, strike out "(5)" and insert "(6)".

(Mr. FINO asked and was given permission to revise and extend his remarks.)

Mr. FINO. Mr. Chairman, the purpose of this amendment is to require the Justice Department to check out any groups which are to participate in demonstration cities programs.

I do this in order to tell this House about the big lie of Dr. Robert C. Weaver, who has pressured the San Francisco redevelopment director, Justin Herman, into denying his earlier statements about "black power" lining up for control of the demonstration cities program.

On Tuesday, I wrote to President Johnson to tell him of a report in the August 28 Washington Post that the San Francisco redevelopment director was dickering with black power for control of the demonstration cities program. The President sent my letter to Dr. Weaver. What did Dr. Weaver do? Dr. Weaver called Justin Herman in San Francisco. I guess he told Herman "deny

this black power business or we are sunk." So Herman sent Weaver a telegram. In his telegram—which the gentleman from New York [Mr. SCHEVER] put in the RECORD yesterday—he said that the Washington Post story was "absolutely without foundation." He said that Post Reporter Nicholas Von Hoffman's charges were "ridiculous."

Now it occurred to me that the Washington Post is not the newspaper to be making up things that talk about black power. I checked and I found out that Justin Herman, out in San Francisco, was an old friend of Dr. Weaver's and a typical social planner from way back. He has been working with black power in San Francisco both before and after the riots. I guessed that perhaps Mr. Herman and Mr. Weaver had worked this out together—that they would cover up for black power. For this reason, Herman sent the telegram to Weaver calling Post Reporter Von Hoffman a liar.

This morning, one of my aids called Von Hoffman. He was staying at the Admiral Benbow Hotel in Jackson, Miss., covering a civil rights story. Nicholas Von Hoffman confirmed his story. He said that Justin Herman said "literally" everything that he, Von Hoffman, had quoted, both about black power and about the Government financing overt revolution.

Regarding the Herman denial, Nicholas Von Hoffman said Justin Herman, was full of bull, although the implication was much stronger. According to Mr. Von Hoffman, Herman said all this at a site office dedication in Hunters Point, San Francisco, in late August. He could not be more exact.

One month later, these quiet little friends of Mr. Herman and Dr. Weaver rioted in the streets of San Francisco; burning, looting, and pillaging. Shall we give them a present of money? Are we going to fund black power? That is exactly what you will be doing if you pass this bill.

I accuse Dr. Robert C. Weaver of the Department of Housing and Urban Development of having designed legislation to force school and residential racial balance schemes on this Nation against the people's will.

I accuse Weaver of having tried to hide this from the Housing Subcommittee of this House.

I accuse Weaver of having conspired with Justin Herman, the San Francisco redevelopment director, to hide and falsely deny to this House the position of black power vis-a-vis the demonstration cities program.

The CHAIRMAN. The time of the gentleman from New York [Mr. FINO] has expired.

Mr. FINO. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

Mr. MULTER. Mr. Chairman, I object.

The CHAIRMAN. The Chair has not put the question yet.

The gentleman from New York asks unanimous consent to proceed for 1 additional minute. Is there objection?

Mr. MULTER. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard. Mr. PELLY. Mr. Chairman, I move to strike out the last word.

I yield to the gentleman from New York who may have the 5 additional minutes.

Mr. FINO. I thank the gentleman from Washington for yielding to me.

Mr. MULTER. Mr. Chairman, I would ask that the regular order be observed. There are several Members of the Committee on their feet who are seeking recognition.

The CHAIRMAN. The Chair has already recognized the gentleman.

Mr. FINO. Mr. Chairman, this House must not set up a \$900 million program tainted by the false statements of the Department of Housing and Urban Development and susceptible of use as a gravy train for "black power." Before we take any further action on this bill, Dr. Weaver, Mr. Herman, and other persons concerned should be called before a special House committee and questioned. It is a shocking thing to see a member of the U.S. Cabinet covering up for and maybe even working with—"black power." These charges should be investigated, and if they are true, Secretary Weaver ought to resign.

I hope that this Committee will adopt this amendment.

Mr. PELLY. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. For what purpose does the gentleman from Pennsylvania [Mr. BARRETT] rise?

Mr. BARRETT. Mr. Chairman, in the interest of time, I ask unanimous consent that we vote on this amendment immediately.

Mr. MULTER. Mr. Chairman, I object.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. BARRETT] makes the unanimous-consent request that the vote be taken on this amendment at once.

Is there objection?

Mr. MULTER. Mr. Chairman, I object, and I am seeking recognition.

The CHAIRMAN. Objection is heard. For what purpose does the gentleman from New York rise?

Mr. MULTER. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from New York will be heard for 5 minutes in opposition to the amendment.

Mr. PATMAN. Mr. Chairman, will the gentleman yield for a unanimous-consent request?

Mr. MULTER. I yield to the gentleman.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that at the conclusion of the 5 minutes by the gentleman from New York [Mr. MULTER] that we vote on this amendment only.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas [Mr. PATMAN]?

There was no objection.

Mr. MULTER. Mr. Chairman, I suppose there is a first time for everything.

This is the first time since I have served in this House, and that is since 1947, that I have ever objected to a request for an extension of time that was

asked for by any Member. This is the first time I have objected to the closing of time in order to expedite action on a bill.

Mr. Chairman, I have had it up to here. I am nauseated by the arguments that have been made on this floor today about the civil rights that are supposed to be in this bill, when, as a matter of fact, there are no civil rights provisions in this bill.

I recall with great amusement the argument made by the gentleman from Michigan [Mr. GERALD R. FORD] in answer to some of the same arguments that were made here, about when they were made against the education bill by the same gentleman from New York. You may remember the story that was then told about the old maid looking under the bed hopefully for what was not there. Our colleague has looked under the bed and found nothing but invective and scare words. Having found no civil rights in this bill, he has now found black power. In support of this amendment he drags in black power. Few, if any have been frightened by him. Most have been disgusted by his arguments.

As a member of a minority group that has suffered many persecutions, I know what it means to have these false insinuations hurled around without rhyme or reason. I want to say here, and I say it most deliberately, that the use of the words "black power" here today in order to malign all the nonwhite people of the country and all the Negroes should be stricken from the RECORD.

Mr. FINO. Mr. Chairman, will the gentleman yield?

Mr. MULTER. Not at the moment.

The CHAIRMAN. The gentleman refuses to yield. The gentleman will proceed.

Mr. MULTER. The use of the term "black power" here today in opposition to this bill and in support of this amendment is as bad as if some Member should rise and say that every Italian is a member of the Black Hand. Yes, it is just as bad—and I would resent that kind of statement as vigorously as I do now resent the use of the words "black power," only to try to smear all of the Negroes of the country and to insinuate that there is anything in this bill about black power.

There is nothing in this bill about black power. None of the members of this committee on either side of the aisle—none of them—should be subjected to the charge we are trying to inject black power into this bill or are trying to get it enacted because of any of the insidious and invidious implications hurled here today.

I resent it with all the vigor at my command, and I ask that the amendment be voted down. Not only for the reason just stated, but because it is nonsensical. It uses the words and asks for an investigation of local groups that may be planning something under this bill. Nowhere in this bill—and I have searched it through—is there any use of the words "local groups." I am certain that the gentleman cannot tell you what he means by "local groups." There is no mention of local groups anywhere in this bill. This is one more attempt by him to create some emotional reaction against the bill.

He should have heeded what the ranking minority member of his committee urged when he said that we should ignore the appeals to the emotions and asked us to talk about the merits of the bill.

Mr. JOELSON. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from New Jersey.

Mr. JOELSON. I think the gentleman should have let the gentleman from New York [Mr. FINO] speak, because I think in speaking for the "Fino fear amendment" the gentleman from New York [Mr. FINO] is proving what the President of the United States has been saying these past few weeks, that many people on the opposition side of the aisle have a platform composed of one word—"fear." This fear is being stirred up here today, and it is completely unjustified.

Mr. MULTER. The gentleman is correct, but I want to emphasize that by "many" he does not mean all, because I would not charge all members of the minority with that attempt to drag in emotional appeals and to create the fears and scares, because, although some of them are doing it, not all are doing it.

Mr. JOELSON. Mr. Chairman, will the gentleman yield further?

Mr. MULTER. I yield to the gentleman from New Jersey.

Mr. JOELSON. I chose my words very carefully, because I have many good friends on the other side of the aisle who certainly do not resort of such tactics, and I want that clearly understood.

Mr. MULTER. As per permission granted, I include the following editorial from today's Washington Post. It speaks loud and well against all that the gentleman from New York [Mr. FINO] has said. It follows:

FALSE ACCUSATION

The Demonstration Cities Bill will come to a vote in the House in an atmosphere polluted by increasingly gross attempts to stir up racial antipathies. The chief responsibility for this ugly campaign lies with Rep. PAUL A. FINO, a Republican from New York City, and the Republican Policy Committee. They have been going at it, hammer and tongs, to persuade the House that the bill conceals a Federal plot to coerce cities into programs of school integration and busing. This charge is, as we have earlier stated, a fantasy.

Mr. FINO's letter to this newspaper, printed on Wednesday, selectively quotes from the testimony of Secretary Weaver to misrepresent the Administration's repeated position. It is correct, as Mr. FINO says, that metropolitan planning under Title II of the bill must take account of schools. It must also take account of topography, but it is not a bill to move mountains. It must take account of land use, but it does not empower the Federal Government to zone the suburbs. Neither does this bill, nor any other legislation, contain any power whatever enabling the Federal Government to set standards of racial balance in classrooms. The Demonstration Cities Bill gives neither metropolitan planners nor Federal Government any authority to influence school policy either by holding up grants or by any other method. Mr. FINO's charge is flatly wrong.

But while the charge is wrong, it has its uses for a Republican leadership that hopes to force Southerners to vote against the bill. That event would be a tragedy, for the Southern cities as well as Mr. FINO's New York urgently need this bill. If Mr. FINO has any doubts about that need, he might profit-

ably read the testimony offered by New York City's Republican mayor.

Mr. FINO. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from New York.

The CHAIRMAN. The time of the gentleman from New York has expired. All time has expired.

The question is on the amendment of the gentleman from New York [Mr. FINO].

The amendment was rejected.

AMENDMENT OFFERED BY MR. CASEY

Mr. CASEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CASEY: Page 38, line 20 add the following language: "In no instance shall the Secretary require a zoning ordinance and map as a requirement for participation in this program".

(Mr. CASEY asked and was given permission to revise and extend his remarks.)

Mr. CASEY. Mr. Chairman and Members of the Committee, yesterday I placed in the RECORD, on page 25571, a list of cities of over 10,000 that do not have zoning which was furnished to me by the American Municipal Association, I believe it is. I have since found out that the record I received is not completely accurate. I used the city of the charming gentlewoman from Hawaii, Honolulu, as an example. She corrected me, and I have since looked over the list and found that there were one or two other errors.

But there are over 290 and some odd cities of over 10,000 without zoning. One of those cities is the city of Houston, Tex., one of the largest in our Nation, one of the top 10. I will not get into an argument with anyone today as to which city is larger. I have been through that before, you will recall. But Houston is definitely in the top 10 of the largest cities in the Nation, and it does not have zoning.

The people of the city themselves have voted down zoning three times in the last several years.

Mind you, if the amendment is not adopted, I am confident that the same type of regulation with reference to title I of this bill will be adopted as was adopted for urban renewal.

On urban renewal, the minimum requirement is that one must have a zoning ordinance and map and subdivision regulations.

Let us not cut out all of these cities which do not have zoning. Let us make it so that the Secretary will consider every city which submits its application.

I do not know how many cities of under 10,000 there are which do not have zoning, but you can bet your bottom dollar that they will be excluded and they cannot qualify unless they adopt zoning.

I do not believe that Houston really has suffered from not having zoning. It is not a perfect city. We do not qualify for urban renewal, either, from that standpoint, because we do not have enough unemployment, and we do not have any depressed area recognition.

What I want to do is to put this in here so that should this bill be passed my city

and all these other cities which do not have zoning will have an opportunity to make application.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. CASEY. I am glad to yield to the gentleman from Pennsylvania.

Mr. BARRETT. I note that, as the gentleman pointed out, there are several errors in his bill, and certain people called attention to them.

Mr. CASEY. Not in my bill. That is in the list of cities I put in the RECORD.

Mr. BARRETT. We did not have the opportunity to hear any testimony on the gentleman's bill.

I do not see the need for this amendment. I am fearful it might distort the program. I would hope that the gentleman would withdraw his amendment and let the Banking and Currency Committee have an opportunity to give him a hearing on it, to learn the merits of it, in order that we might be helpful to him.

Mr. CASEY. I do not believe it takes any great hearing to determine whether or not we are going to give every city in this country an equal opportunity to participate in this program.

Merely because a city might not have an adopted zoning ordinance, I believe the Secretary could consider what other steps they have taken. In my city, since the people voted down the zoning, they have set up a planning commission. They have insisted that on any subdivision the subdivider submit proper covenants running with the land, to protect the growth. I believe it would be fair for the Secretary to take that into consideration.

But I do not believe we should have a hard and fast rule, like there is on urban renewal, that if a city does not have a zoning ordinance it cannot apply.

Mr. BARRETT. The gentleman certainly does not want to pass on such an important amendment as this—

Mr. CASEY. I certainly do want to pass on this amendment. I also want it to be adopted, because it is the fair thing to do.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I am glad to yield.

Mr. ASHLEY. The gentleman wants us to adopt the amendment, but he has shown it to us for the first time today.

Mr. CASEY. It has been sitting at the desk since this morning.

Mr. ASHLEY. We have been considering this bill for 6 months.

Mr. CASEY. Surely, but the gentleman does not expect the House to accept this bill without any amendments whatsoever.

Mr. ASHLEY. Not at all.

Mr. CASEY. I dare say the gentleman, in his long tenure, has offered many amendments which were not submitted first to another committee.

Mr. ASHLEY. And I plan to.

Mr. CASEY. I urge the adoption of the amendment.

Mr. BARRETT. Mr. Chairman, I rise in opposition to the amendment.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I yield to the gentleman from Ohio.

Mr. ASHLEY. I would point out very briefly, Mr. Chairman, that there is no requirement in the measure before us for zoning. The gentleman raises, it seems to me, an issue which does not exist.

Mr. CASEY. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Texas.

Mr. CASEY. I do not believe there is any requirement in the Urban Renewal Act, either, but it is required by the Secretary. I just want to see that he does not make it a prerequisite.

Mr. ASHLEY. I would say this: If he does, frankly, in my view, it would not be a cataclysmic mistake. Zoning, by most cities and by most authorities in the field of planning and urban development, is considered an extremely useful tool. I know the gentleman's city of Houston has not adopted this.

It would seem to me that the Department is fully aware of this. If the gentleman's city would wish to qualify, it might well draw its plan around the fact that it does not believe in zoning, but this afternoon I do not think we want to carve out a little enclave for Houston, Tex., and say to the rest of the cities of the country in effect that zoning is not important and that there need be no requirement for you to utilize this tool as you have in the past. It does not make any sense to me at all, and I certainly urge the Members of this body to oppose the amendment.

Mr. CASEY. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. Yes. I yield to the gentleman.

Mr. CASEY. I am not pleading here for just one city, I will say to the gentleman. It is true, although I am interested in my own city, I am also interested in the other 200-and-some-odd cities of over 10,000 population, to say nothing of the countless cities under 10,000 population who are in the same category. I do not want them to be precluded by saying that they cannot apply because they do not have any zoning.

Mr. ASHLEY. There is no suggestion in the bill about it.

Mr. CASEY. They are not in the urban renewal bill but in the other parts they say you have to have a zoning ordinance.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. Yes. I yield to the gentleman.

Mr. WIDNALL. I am grateful to the gentleman from Texas [Mr. CASEY] for pointing out how Houston has been able successfully to get so many Government contracts and Government installations down there. Maybe they have pointed the way to other cities of the United States by not having zoning ordinances. Actually, I do not believe there is anything unfair about this provision at all, and I certainly hope the amendment will be voted down at this time. We can consider it later on, as the majority chairman suggested.

Mr. MOORHEAD. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I yield to the gentleman.

Mr. MOORHEAD. I think this amendment is not only possibly dangerous but certainly unnecessary in view of the fact that the House adopted the Hardy amendment, which says that the Secretary shall not establish any requirements or criteria except those which are related to and essential to the specific provisions of this title. I think this amendment should be defeated.

Mr. BROCK. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. Yes. I yield to the gentleman.

Mr. BROCK. I appreciate the gentleman's yielding.

I rise in support of the amendment of the gentleman from Texas. I can see no possible reason to exclude 200 major cities of the United States, not just in Texas but in 44 States of the Union. Whether you are for this bill or not, you have no right to discriminate against those cities because by their own choice they have no zoning ordinance. It is commonsense that we should prohibit the Secretary from doing exactly what he is doing. This amendment makes a great deal of sense.

Mr. MIZE. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I yield to the gentleman.

Mr. MIZE. I notice in the material that was put in the RECORD by the gentleman from Texas, Congressman CASEY, that Wichita, Kans., is one of the cities that does not have zoning laws and will apparently be affected by this. However, I know they have an urban renewal program in Wichita.

Mr. BARRETT. Mr. Chairman, I ask unanimous consent that we vote on this amendment immediately.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. CASEY].

The question was taken; and on a division (demanded by Mr. CASEY) there were—ayes 28, noes 47.

So the amendment was rejected.

Mr. JARMAN. Mr. Chairman, I move to strike the requisite number of words.

(Mr. JARMAN asked and was given permission to revise and extend his remarks.)

Mr. JARMAN. Mr. Chairman, I take this time to place on record the opposition of thousands of Oklahomans to this bill.

Mr. Chairman, this week I have received at least 5,000 telegrams, letters, and postcards expressing that opposition.

Mr. Chairman, in this morning's mail I received these petitions contained in this box, signed by 5,877 Oklahomans.

I am advised that these people signed these petitions after reading editorials on the demonstration cities bill that were carried in the Daily Oklahoman and in the Oklahoma City Times.

Mr. Chairman, I shall insert these editorials at this point in my remarks.

The editorials referred to follow:

[From the Oklahoma City (Okla.) Daily Oklahoman, Oct. 4, 1966]

BIGGEST PORK BARREL YET

While President Johnson was asking the governors to cut their spending, the house was preparing to consider a measure of his own that would open up the biggest political pork barrel in history.

The bill in question would commit the federal government to a new urban spending program of vast and nearly limitless dimensions. It would reduce the cities to federal chattels in accordance with the supreme court's dictum that the federal government controls what it subsidizes. It would be useful politically to any incumbent administration as an instrument for rewarding friends and punishing foes.

This pending legislation is the Demonstration Cities and Metropolitan Development Act of 1966. It has passed the senate and has cleared the house committee on banking and currency. Its final passage would hasten the trend toward the eventual extinction of local and state government and the consolidation of all powers in Washington.

The senate version contains a \$900 million authorization for a two-year "demonstration cities" program affecting an estimated 60 to 70 cities. Participating cities would receive up to 80 percent of local costs for a wide range of federal housing, welfare and transportation aid programs.

To note the bottomless needs of the cities is to have some faint idea of the eventual burden that the president is calling on the federal government to assume in the midst of war and threatened galloping inflation.

Mayor John Lindsay of New York City told a senate subcommittee last month that federal aid of \$50 billion in the next 10 years would be needed to make his city "thoroughly livable." Detroit Mayor Jerome B. Cavanaugh said Detroit alone needed \$15 billion in the next 10 years. Sen. ROBERT KENNEDY, a member of the subcommittee, noted that Lindsay had asked for \$50 billion, and inquired concerning how much would be needed if all urban centers in the nation received federal aid at a similar rate. An aide of Mayor Cavanaugh estimated the amount at \$1.1 trillion.

The house banking and currency committee says the "demonstration cities" program is to "be planned, developed and carried out by local people." But the bill itself puts almost unlimited powers in the hands of the secretary of housing and urban development.

Interesting in this connection are the supplemental views of Rep. PAUL A. FINO of New York City, as appended to the house committee report recommending passage. Rep. FINO says that not one of his constituents has written to support the bill, "but scores have written to protest the way it would give Secretary Weaver and U.S. Education Commissioner Howe dictatorial powers over city living patterns." He says his people "know what Dr. Weaver wants this control for." He says Weaver "wants to control zoning, locations of rent supplement housing, and other facets of so-called open occupancy."

Certainly a proposal calling for such vast new spending is at least debatable at a time when the president professes to be so deeply concerned about inflation. Moreover, the city officials who are running to Washington with outstretched hands might profitably consider what is happening to the public schools and the hospitals as an inevitable corollary of federal subsidy. Along with the federal money, they're now getting their orders from Washington. And right up to the end, a lot of them were insisting that federal money didn't necessarily mean federal control. The Oklahoma house delegation ought to vote in opposition to this attempted federal power grab.

[From the Oklahoma City (Okla.) Daily Oklahoman, October 4, 1966]

HIGHLY QUESTIONABLE

The United States House of Representatives in the next few days will be taking up the Demonstration Cities and Metropolitan Development Act of 1966.

This measure was passed handily in the senate August 19 by a 53 to 22 roll-call vote, but far from enough public discussion has been heard on such a sweeping measure. The public must be made aware of it, and swiftly, before it is too late to do anything about it.

The bill as it now stands would authorize a two-year, \$900 million "demonstration cities" plan for concentrated and co-ordinated attacks on urban blight.

Participating cities would receive up to 80 percent of local costs for an array of federal housing, welfare, and transportation programs. The bill contemplates aid to 60 to 70 cities.

The senate did trim down the original request from the \$2.3 billion, five-year program requested by the president. But it is the principle of the program, and not just the initial spending involved, that is significant.

What may happen if this bill is passed is that before too long the central government will, in effect, be running the largest cities of our nation.

GREAT POWER

This would give inordinate power over the destinies of these major cities to the president of the United States and, in day-to-day details, to the secretary of the department of Housing and Urban Development (HUD).

It would make possible a system of reward and punishment to the cities involved ("stay in line, or else!"). And it doesn't take much imagination to see how much this would help the party in power, and particularly the Democrats who are strong in most of the cities anyhow.

The states with the big cities have the electoral votes, so it can be seen how such a program would be of great aid to the Democrats. It could consolidate the Democrats in power forever, casting into discard the two-party concept.

Certainly the "demonstration cities" approach would be discriminatory against the many municipalities which were not included. Even with their ordinary slice of federal funds, they would be at a disadvantage against the special favors granted the others.

As the centralization of government grows rapidly, there is a feeling that nothing can be done to check it. But here is one positive place where a "no farther" protest could be registered.

This newspaper urges the Oklahoma delegation to join Rep. JOHN JARMAN, who is avowedly against the bill, in voting against the "demonstration cities" measure.

[From the Oklahoma City (Okla.) Daily Oklahoman, Oct. 5, 1966]

PROPOSAL STUDIED: STATE'S DELEGATES EYE BILL FOR CITIES

(By Allan Cromley)

WASHINGTON.—A dark cloud is on the legislative horizon for members of the Oklahoma house delegation.

The house next week is expected to take up a bill authorizing "demonstration city" grants for community renewal and other programs which are accumulating controversy as the legislation approaches the roll call stage.

The Sooners are not unique—the bill is causing discomfort among many members, and predictions are that its passage or defeat will be by a narrow margin.

The bill, a version of one passed by the Senate, also does these things:

One—Authorizes "incentive" grants to encourage metropolitan-wide planning.

Two—Provides Federal Housing Administration mortgage insurance for developers of entire new towns and communities.

Three—Establishes FHA mortgage insurance to finance and equip facilities for group medical and dental practices.

Proponents of the legislation claim it allows communities to pull themselves up by Uncle Sam's bootstraps. Opponents contend the result will be dangerous federal control of nearly every kind of community activity—including schools.

The bill calls for a two-year authorization of \$400 million next fiscal year and \$500 million the following year.

Except for Representative JOHN JARMAN, Sooner representatives are hesitant about committing themselves.

JARMAN said, "It's a program this nation can do without. The administration originally asked \$2.5 billion for it over the next five years, and the President has been quoted as saying it could cost \$100 billion.

"With the tremendous financial demands of Viet Nam and other domestic programs, I think the bill is not justified at the present time and I will vote against it."

Rep. PAGE BELCHER, the delegation's only Republican, was almost as definitely opposed as JARMAN.

BELCHER said he could not vote for the bill "unless it is drastically changed."

He said Oklahoma City and Tulsa are "out of it . . . nobody knows who the demonstration cities will be. There's a lot of politics in this one. I've received a lot of mail against it."

Rep. JED JOHNSON, Jr., said he could make "no firm comment now," but he added that he has "serious reservations."

He said there is "some interest" for the bill in Lawton.

JOHNSON added that he would "have to make cottonpickin' sure that a city in my district would be selected as a demonstration city."

Rep. ED EDMONDSON said he "hasn't been sold on the legislation . . . but I'll keep an open mind until the debate."

Rep. TOM STEED said he is "not opposed to demonstration cities per se. If Oklahoma City and Tulsa could participate, I'd be for it."

"I've heard talk that some big cities were earmarked for the program and we'd be cut out. It depends on who is chosen."

"That may sound provincial, but unless it has that broad scope, we don't want any part of it."

Rep. CARL ALBERT is recuperating from a heart attack, and could not be reached for comment. However, as majority leader he has supported virtually all Great Society programs in the past and presumably would be for the legislation.

[From the Oklahoma City (Okla.) Sunday Oklahoman, Oct. 9, 1966]

HEADED FOR DISASTER

Recently the president of the United States called 15 governors into the White House and solemnly warned them to cut back the spending of their states as it was adding to inflation.

He said nothing about the fact that more than half of each state's expenditures is in matching funds to meet the requirements of federal demands for aid to welfare recipients, schools and colleges, agricultural programs, highway construction and literally dozens of other federal programs.

If the federal government would cut back its demands of matching funds, state expenditures would automatically decline. The savings which governors could make would be peanuts compared with the untold billions

broadcast throughout the world by the federal administration.

Almost daily the White House comes out with new or additional proposals for scattering billions of dollars at home and abroad. One of the latest proposals is the most gigantic give-away ever devised by a prodigal government.

A bill already has passed the senate by a vote of 53 to 22 to select 60 or 70 cities in which the federal government will furnish most of the money to entirely rehabilitate and modernize each city, including its public transportation. This bill is highly discriminatory for the 60 cities would be selected with presidential approval and all rival cities and towns would be taxed to pay for the benefits in politically selected cities.

Some congressmen say that they have been told by the president that this project will take \$100 billions. That is an under-estimate for it could take several hundred billions since every city left out of the give-away group will be howling for its share of the flood of money from the United States treasury.

The mayor of New York City has said that his city alone would need \$50 billions.

Every town of even 5,000 or 10,000 could justly rise up and demand that it be given similar donations for public improvements.

MONEY GETS VOTES

The poverty program and other giant give-aways are not supposed to be discriminatory, but this record breaking proposed flood of free funds can always be managed to go only where it will produce the greatest number of votes for the benefit of the Democratic Party.

Great numbers of senators and congressmen are afraid to vote against this bill for if they did, their states and their cities would be left out in the cold. The house may vote on this bill this week. Wire or call your congressman today.

The majority of congressmen and senators are not voting their honest convictions. The White House often obtains their vote either by bludgeoning threats or reprisals or by sugaring them up with promises of great rewards for voting as the White House dictates.

Most American voters are blindly unaware of the abyss of debt which lies ahead. The interest on the national debt is now about \$13 billions per year. This sum of more than \$1 billion monthly means that the monthly interest payment for every man, woman and child in the United States averages more than \$5.00 and is rapidly going higher. A family of five with an average income is paying more than 25 per month interest on the national debt.

Soon the outstanding debt, costing perhaps 3½ percent to 5 percent interest, will have to be refunded at near 6 percent and the monthly bill of interest for each man, woman and child will soar above \$7.00 per month.

Unless American citizens wake up and elect only representatives who have the backbone to stand up for their own convictions and refuse to be intimidated by threats or seduced by promises of pie in the sky, then this country is heading for bankruptcy.

This newspaper is fully aware that this editorial will cause Oklahoma City to be blacklisted off the favored city lists.

[From the Oklahoma City (Okla.) Daily Oklahoman, Oct. 10, 1966]

NOW OR NEVER

Voters in all 50 states now have only a few days' time within which to head off the most gigantic raid on the federal treasury which was ever devised. Protests by the thousands must be sent to all congressman and senators.

A vote is scheduled this week or next by the lower house of Congress on a bill entitled, "Demonstration Cities and Metropoli-

tan Development Act of 1966." Already this bill has passed the senate by a vote of 53 to 22 and has been approved by the house committee on banking and currency.

The measure provides for the administration to select 60 or 70 cities for a complete remodeling and developing, including public transportation. The president is quoted as saying the measure will require \$100 billion. This is sure to be a gross under-estimate, for few metropolitan cities could be remodeled without an expenditure of several billion dollars and when the treasury begins financing the initial list of 60 or 70 cities, hundreds of other cities will demand the same bountiful treatment.

Every farmer, every workman, every individual and every corporation will be taxed to rebuild these cities.

The government will have no money for this project except what it may borrow at high rates of interest from the sale of government bonds or new taxes.

The government's present income from taxes and other sources is insufficient to meet its present expenditures for the war and the "Great Society," hence additional taxes and additional bond issues would be necessary to meet the cost of remodeling our cities.

No one can doubt that the list of cities would be politically selected and the most money spent where the most votes could be garnered.

The newspapers and the public throughout the United States apparently were asleep when this project for gutting the federal treasury was devised.

Write, wire or talk to your congressman, for it is the only way to prevent the house of representatives from bringing financial disaster to the nation.

[From the Oklahoma City (Okla.) Daily Oklahoman, Oct. 10, 1966]

EDITORIAL SPARKS PETITION CAMPAIGN

Political affiliations took a back seat Sunday night as Oklahoma City residents responded to a petition campaign against a massive congressional spending program on city development.

The petition drive was started by several city men after they read an editorial on the front page of The Sunday Oklahoman.

A table was placed in front of the new Oklahoma Publishing Co. building on NW 4 about 6 p.m. Sunday. The drive had been publicized on city radio stations, and, within minutes, cars began arriving from as far away as Guthrie.

At midnight, 384 persons had signed the petition which will be sent to Oklahoma congressmen.

Petition sponsors said they would return to the NW 4 location Monday at 8:30 a.m. so others might sign.

Honorary chairman of the petition committee is Jim Wade sales representative for an aircraft plant. He said the idea for the petition was a "spontaneous thing to show approval of the editorial."

Thomas J. Harris, city management consultant, was one of the men instrumental in organizing the petitioners. He called city radio stations, announcing that a table would be set up for those concerned about the proposed \$100 billion city development bill.

The petition states, in part: "... We wish to identify ourselves with the position stated in that editorial (The Sunday Oklahoman) and call upon our representatives in the senate and house in Washington to act accordingly. Now is the time to stand up and be counted."

Signers appeared fairly evenly divided between Republicans and Democrats, judging from those who volunteered political affiliations, petition sponsors said. Of course, political party is not noted on the petition, the sponsors added.

Mr. JARMAN. Mr. Chairman, I am advised that several of these petitions were signed by 500 people last Sunday evening, from 6:20 p.m. to midnight, after they heard by radio and television that said petitions could be signed at a table outside the Oklahoma Publishing Co. on Fourth Street in Oklahoma City. I am advised that these people left parties, quiet evenings at home, church meetings, and some even got out of bed to make a special trip to town just to sign the petition.

Mr. Chairman, these signatures were obtained with little or no effort except the simple announcement that a petition was available—no organization headed this effort—and most of the people had to go to the petition rather than have the petition brought to them. I am advised that there are many more such petitions on the way to me here in Washington.

Mr. Chairman, the petitions referred to carried this message to Mr. E. K. Gaylord, publisher of the Oklahoma Publishing Co.:

We the undersigned, citizens of Oklahoma, do hereby record our approval and express our appreciation for the front page editorial in the Sunday Oklahoman dated October 9, 1966.

We wish to identify ourselves with the position stated in the editorial and call upon our representatives in the Senate and in the House in Washington to act accordingly. Now is the time to stand up and be counted—if, in fact, Oklahoma City does lose a Federal aid program but the Nation is saved from bankruptcy, we believe all responsible citizens will join in supporting this action.

Mr. Chairman, with reference to the final thought expressed in the petition, let me point out that the editorial carried in last Sunday's Oklahoma City paper stated in part:

This newspaper is fully aware that this editorial will cause Oklahoma City to be blacklisted off the favored city lists.

Mr. Chairman, these petitions, editorials, telegrams, postcards, and letters represent the strongest expression of position on any bill by the people I represent during my 16 years in the Congress. It is clear-cut evidence that they are fed up with Federal programs that jeopardize the fiscal integrity of our Nation, with Federal handouts that inevitably mean Federal control at State and local levels, with a consistently unbalanced budget and a tremendous, always increasing national debt that now exceeds \$324 billion.

Mr. Chairman, I share the sentiments of the people I represent and I believe that millions of Americans feel exactly the same way. I urge the defeat of this demonstration cities bill.

Mr. BELCHER. Mr. Chairman, will the gentleman yield?

Mr. JARMAN. I am glad to yield to my colleague.

Mr. BELCHER. Mr. Chairman, I wish to associate myself with the remarks of my colleague from Oklahoma and state that I have received literally thousands of telegrams, letters, communications of every kind, not only from Oklahoma City of people that have read the Daily Oklahoman, but people from all parts of Oklahoma.

I might say that the Tulsa World carried an editorial a day or two ago opposing this bill. I have not counted the number of communications, but we received upward of 500 letters in the quickest mail that could get here after the editorial appeared in the Daily Oklahoman.

We have received probably upward of 3,000 or 4,000 communications opposing the bill, and we have received 4 letters supporting the bill.

Mr. Chairman, as I said, I wish to associate myself with the remarks of my colleague.

Mr. JARMAN. I thank the gentleman.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PATMAN. Mr. Chairman, since there are no further amendments pending, I ask unanimous consent that the Clerk be instructed to read.

The CHAIRMAN. If there are no further amendments to title I, the Chair would remind the Committee that under the rule, the bill must be read by title, rather than by section.

The Clerk will read title II.

The Clerk read as follows:

TITLE II—PLANNED METROPOLITAN DEVELOPMENT

Findings and declaration of purpose

SEC. 201. (a) The Congress hereby finds that the welfare of the Nation and of its people is directly dependent upon the sound and orderly development and the effective organization and functioning of the metropolitan areas in which two-thirds of its people live and work.

It further finds that the continuing rapid growth of these areas makes it essential that they prepare, keep current, and carry out comprehensive plans and programs for their orderly physical development with a view to meeting efficiently all their economic and social needs.

It further finds that metropolitan areas are especially handicapped in this task by the complexity and scope of governmental services required in such rapidly growing areas, the multiplicity of political jurisdictions and agencies involved, and the inadequacy of the operational and administrative arrangements available for cooperation among them.

It further finds that present requirements for areawide planning and programing in connection with various Federal programs have materially assisted in the solution of metropolitan problems, but that greater coordination of Federal programs and additional participation and cooperation are needed from the States and localities in perfecting and carrying out such efforts.

(b) It is the purpose of this title to provide, through greater coordination of Federal programs and through supplementary grants for certain federally assisted development projects, additional encouragement and assistance to States and localities for making comprehensive metropolitan planning and programing effective.

Cooperation between Federal agencies

SEC. 202. In order to insure that all Federal programs related to metropolitan development are carried out in a coordinated manner—

(1) the Secretary is authorized to call upon other Federal agencies to supply such statistical data, program reports, and other materials as he deems necessary to discharge his responsibilities for metropolitan development, and to assist the President in coordinating the metropolitan development efforts of all Federal agencies; and

(2) all Federal agencies which are engaged in administering programs related to metropolitan development, or which otherwise perform functions relating thereto, shall, to the maximum extent practicable, consult with and seek advice from all other significantly affected Federal departments and agencies in an effort to assure fully coordinated programs.

Metropolitan expenditures

SEC. 203. Upon the request of one or more duly authorized local officials and after consultation with local governmental authorities in a metropolitan area, the Secretary may appoint a metropolitan expediter for such area whenever he finds a need for the services specified in this section. The metropolitan expediter shall provide information, data, and assistance to local authorities and private individuals and entities within the metropolitan area, and to all relevant Federal departments and agencies, with respect to all programs and activities conducted within such metropolitan area by the Department of Housing and Urban Development, and with respect to other public and private activities and needs within such metropolitan area which relate to the programs and activities of the Department.

Coordination of Federal aids in metropolitan areas

SEC. 204. (a) All applications made after June 30, 1967, for Federal loans or grants to assist in carrying out open-space land projects or for the planning or construction of hospitals, airports, libraries, water supply and distribution facilities, sewerage facilities and waste treatment works highways, transportation facilities, and water development and land conservation projects within any metropolitan area shall be submitted for review—

(1) to any areawide agency which is designated to perform metropolitan or regional planning for the area within which the assistance is to be used, and which is, to the greatest practicable extent, composed of or responsible to the elected officials of the units of general local government within whose jurisdiction such agency is authorized to engage in such planning, and

(2) if made by a special purpose unit of local government, to the unit or units of general local government with authority to operate in the area within which the project is to be located.

(b)(1) Except as provided in paragraph (2) of this subsection, each application shall be accompanied (A) by the comments and recommendations with respect to the project involved by the areawide agency and governing bodies of the units of general local government to which the application has been submitted for review, and (B) by a statement by the applicant that such comments and recommendations have been considered prior to formal submission of the application. Such comments shall include information concerning the extent to which the project is consistent with comprehensive planning developed or in the process of development for the metropolitan area or the unit of general local government, as the case may be, and the extent to which such project contributes to the fulfillment of such planning. The comments and recommendations and the statement referred to in this paragraph shall, except in the case referred to in paragraph (2) of this subsection, be reviewed by the agency of the Federal Government to which such application is submitted for the sole purpose of assisting it in determining whether the application is in accordance with the provisions of Federal law which govern the making of the loans or grants.

(2) An application for a Federal loan or grant need not be accompanied by the comments and recommendations and the state-

ments referred to in paragraph (1) of this subsection, if the applicant certifies that a plan or description of the project, meeting the requirements of such rules and regulations as may be prescribed under subsection (c), or such application, has lain before and appropriate areawide agency or instrumentality or unit of general local government for a period of sixty days without comments or recommendations thereon being made by such agency or instrumentality.

(3) The requirements of paragraphs (1) and (2) shall also apply to any amendment of the application which, in light of the purposes of this title, involves a major change in the project covered by the application prior to such amendment.

(c) The Bureau of the Budget, or such other agency as may be designated by the President, is hereby authorized to prescribe such rules and regulations as are deemed appropriate for the effective administration of this section.

Grants to assist in planned metropolitan development

SEC. 205. (a) The Secretary is authorized to make supplementary grants to applicant State and local public bodies and agencies carrying out, or assisting in carrying out, metropolitan development projects meeting the requirements of this section.

(b) Grants may be made under this section only for metropolitan development projects in metropolitan areas for which it has been demonstrated, to the satisfaction of the Secretary, that—

(1) metropolitanwide comprehensive planning and programing provide an adequate basis for evaluating (A) the location, financing, and scheduling of individual public facility projects (including but not limited to hospitals and libraries; sewer, water, and sewage treatment facilities; highway, mass transit, airport, and other transportation facilities; and recreation and other open-space areas) whether or not federally assisted; and (B) other proposed land development or uses, which projects or uses, because of their size, density, type, or location, have public metropolitanwide or interjurisdictional significance;

(2) adequate metropolitanwide institutional or other arrangements exist for coordinating, on the basis of such metropolitanwide comprehensive planning and programing, local public policies and activities affecting the development of the area; and

(3) public facility projects and other land development or uses which have a major impact on the development of the area are, in fact, being carried out in accord with such metropolitanwide comprehensive planning and programing.

(c)(1) Where the applicant for a grant under this section is a unit of general local government, it must demonstrate to the satisfaction of the Secretary that, taking into consideration the scope of its authority and responsibilities, it is adequately assuring that public facility projects and other land development or uses of public metropolitanwide or interjurisdictional significance are being, and will be, carried out in accord with metropolitan planning and programing meeting the requirements of subsection (b). In making this determination the Secretary shall give special consideration to whether the applicant is effectively assisting in, and conforming to, metropolitan planning and programing through (A) the location and scheduling of public facility projects, whether or not federally assisted; and (B) the establishment and consistent administration of zoning codes, subdivision regulations, and similar land-use and density controls.

(2) Where the applicant for a grant under this section is not a unit of general local government, both it and the unit of general local government having jurisdiction over

the location of the project must meet the requirements of this subsection.

(d) In making the determinations required under this section, the Secretary shall obtain, and give full consideration to, the comments of the body or bodies (State or local) responsible for comprehensive planning and programming for the metropolitan area.

(e) No grant shall be made under this section with respect to a metropolitan development project for which a Federal grant has been made or a contract of assistance has been entered into, under the legislation referred to in paragraph (2) of section 208, prior to February 21, 1966, or more than one year prior to the date on which the Secretary has made the determinations required under this section with respect to the applicant and to the area in which the project is located: *Provided*, That in the case of a project for which a contract of assistance under the legislation referred to in paragraph (2) of section 208 has been entered into after June 30, 1967, no grant shall be made under this section unless an application for such grant has been made on or before the date of such contract.

Extent of grant

SEC. 206. (a) A grant under section 205 shall not exceed (1) 20 per centum of the cost of the project for which the grant is made; nor (2) the Federal grant made with respect to the project under the legislation referred to in paragraph (2) of section 208. In no case shall the total Federal contributions to the cost of such project be more than 80 per centum. Notwithstanding any other provision of law, including requirements with respect to non-Federal contributions, grants under section 205 shall be eligible for inclusion (directly or through refunds or credits) as part of the financing for such projects: *Provided*, That projects or activities on the basis of which assistance is provided under section 105(c) shall not be eligible for assistance under section 205.

(b) There are authorized to be appropriated for grants under section 205 not to exceed \$25,000,000 for the fiscal year ending June 30, 1967, and not to exceed \$50,000,000 for the fiscal year ending June 30, 1968. Appropriations authorized under this section shall remain available until expended.

Consultation and certification

SEC. 207. In carrying out his authority under section 205, including the issuance of regulations, the Secretary shall consult with the Department of the Interior; the Department of Health, Education, and Welfare; the Department of Commerce; and the Federal Aviation Agency with respect to metropolitan development projects assisted by those departments and agencies; and he shall, for the purpose of section 206, accept their respective certifications as to the cost of those projects and the amount of the non-Federal contribution paid or to be paid to that cost.

Definitions

SEC. 208. As used in this title—

(1) "Metropolitan development" means all projects or programs for the acquisition, use, and development of open-space land; and the planning and construction of hospitals, libraries, airports, water supply and distribution facilities, sewerage facilities and waste treatment works, transportation facilities, highways, water development and land conservation, and other public works facilities.

(2) "Metropolitan development project" means a project assisted or to be assisted under section 702 of the Housing and Urban Development Act of 1965; title II of the Library Services and Construction Act; section 606 of the Public Health Service Act; section 8 of the Federal Water Pollution Control Act; section 120(a) of title 23, United States Code; section 12 of the Federal Airport Act; section 3 of the Urban Mass

Transportation Act of 1964; title VII of the Housing Act of 1961; or section 5(e) of the Land and Water Conservation Fund Act of 1965; or under section 101(a)(1) of the Public Works and Economic Development Act of 1965 (for a project of a type which the Secretary determines to be eligible for assistance under any of the other provisions listed above).

(3) "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or an agency or instrumentality of any of the foregoing.

(4) "Metropolitan area" means a standard metropolitan statistical area as established by the Bureau of the Budget, subject however to such modifications and extensions as the Secretary may determine to be appropriate for the purposes of this title.

(5) "Comprehensive planning" includes the following, to the extent directly related to area needs or needs of a unit of general local government: (A) Preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities, including transportation facilities; (B) programming of capital improvements based on a determination of relative urgency; (C) long-range fiscal plans for implementing such plans and programs; and (D) proposed regulatory and administrative measures which aid in achieving coordination of all related plans of the departments or subdivisions of the governments concerned and intergovernmental coordination of related planned activities among the State and local governmental agencies concerned.

(6) "Hospital" means any public health center or general, tuberculosis, mental, chronic disease, and other type of hospital and related facilities, such as laboratories, outpatient departments, nurses' home and training facilities, and central service facilities normally operated in connection with hospitals, but does not include any hospital furnishing primarily domiciliary care.

(7) "Areawide agency" means an official State or metropolitan or regional agency empowered under State or local laws or under an interstate compact or agreement to perform comprehensive planning in an area; an organization of the type referred to in section 701(g) of the Housing Act of 1954; or such other agency or instrumentality as may be designated by the Governor (or, in the case of metropolitan areas crossing State lines, any one or more of such agencies or instrumentalities as may be designated by the Governors of the States involved) to perform such planning.

(8) "Special purpose unit of local government" means any special district, public-purpose corporation, or other limited-purpose political subdivision of a State, but shall not include a school district.

(9) "Unit of general local government" means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

(10) "Secretary" means the Secretary of Housing and Urban Development.

State limit

SEC. 209. Grants made under section 205 for projects in any one State shall not exceed in the aggregate 15 per centum of the aggregate amount of funds authorized to be appropriated pursuant to section 206(b).

Mr. PATMAN (during the course of the reading). Mr. Chairman, I ask unanimous consent that title II down to page 61 be considered as read and included in the RECORD at this point, subject to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. Title II is now open to amendment.

AMENDMENT OFFERED BY MR. MULTER

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER: On page 57, after line 6, add the following new subsection:

"(f) Nothing in this section shall authorize the Secretary to require (or condition the availability or amount of financial assistance authorized to be provided under this title upon) the adoption by any community of a program to achieve a racial balance or to eliminate racial imbalance within school districts within the metropolitanwide area."

The CHAIRMAN. The gentleman from New York [Mr. MULTER] is recognized for 5 minutes in support of his amendment.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I will be glad to yield to the gentleman.

Mr. PATMAN. Mr. Chairman, since this is the same amendment that was inserted in title I by an overwhelming vote, I do not think that there will be much objection to this amendment in title II. I ask unanimous consent that we now vote on the amendment.

Mr. HALL. Mr. Chairman, I make a point of order against the amendment on the basis that it is not germane, and because it is well established in the rules of the House—Cannon's Precedents, volume 8, page 2995—that "the burden of proof as to the germaneness of a proposition has been held to rest upon its proponents."

The CHAIRMAN. The Chair will say to the gentleman from Missouri that the Chair had already recognized the gentleman from New York. The amendment had been read, and even further than that, the Chair had recognized the gentleman in support of his amendment.

Mr. HALL. Mr. Chairman, I submit that I was on my feet to make the point of order at the time that the amendment was read and thereafter before the Chair recognized the gentleman from New York.

The CHAIRMAN. Then the fault is that of the Chair, the Chair would say to the gentleman.

Mr. HALL. Mr. Chairman, I hold the Chair blameless.

The CHAIRMAN. The Chair recognizes the gentleman from New York for 5 minutes in support of his amendment.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the distinguished chairman.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that the debate be limited to a total of 10 minutes, 5 minutes on this side of the aisle and 5 minutes on the other side of the aisle.

Mr. FINO. Mr. Chairman, I object.

Mr. PATMAN. Let us limit it to 15 minutes, Mr. Chairman.

The CHAIRMAN. The gentleman from Texas makes a unanimous-consent request that all debate on this amendment and all amendments thereto end in 15 minutes.

Is there objection?

Mr. FINO. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 20 minutes.

The CHAIRMAN. The gentleman from Texas extends his unanimous request of the same nature to 20 minutes.

Mr. FINO. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The gentleman from New York is recognized for 5 minutes in support of his amendment.

Mr. MULTER. Mr. Chairman, I will not take the 5 minutes and I do not intend to repeat the arguments that have already been made so many times today.

As our distinguished chairman of the Committee on Banking and Currency has already pointed out, this amendment is quite the same in intent and purport and it is in the language of the amendment we have already adopted to title I.

It makes it perfectly clear that there is nothing in this title and nothing in this bill that calls for or permits compulsory busing or forced busing of children and there is nothing in this title and nothing in this bill that directs or requires any impairment even to the slightest degree, of the neighborhood school concept.

Mr. Chairman, this amendment is quite the same as the amendment offered by the gentleman from Michigan [Mr. O'HARA] which was adopted in connection with the education bill at which time the same attempt was made to inject into the debate on that bill the racial conflict that has been sought to be injected into this debate on this bill.

Mr. O'HARA of Michigan. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman.

Mr. O'HARA of Michigan. Mr. Chairman, I wish to say a few words in support of the amendment proposed by the gentleman from New York, which would add a new subsection (f) to section 205 of the Demonstration Cities and Metropolitan Development Act of 1966. This amendment would provide that in passing on applications for supplementary grants for metropolitan development projects under section 205 the Secretary of Housing and Urban Development would not be authorized to require—or condition the availability or amount of financial assistance authorized to be provided under this title upon—the adoption by any community of a program to achieve a racial balance or to eliminate racial balance within school districts within the metropolitan area.

The amendment means that the Secretary cannot compel community action to overcome racial balance; he has no power to coerce a community into following that course. By supporting this amendment I do not mean to suggest that anything in section 205 would have authorized the Secretary to do this in the absence of the amendment. But to be certain and to quiet some fears which have been expressed on the floor about it, we ought to make this intention clear.

Of course, the amendment would not preclude communities from dealing with the racial-balance problem in their schools as they see fit as part of metropolitan planning programs. That is a question to be decided on the local level. Nor would it prevent the Secretary from giving sympathetic consideration to such proposals under title II of the bill.

Finally, the amendment would not in any way restrict or hamper the Secretary in his efforts to enforce title VI of the Civil Rights Act of 1964. Title VI of that act does not permit the Secretary to require action to overcome racial imbalance in schools if that imbalance is not the result of unconstitutional racial discrimination with respect to assignments, zoning plans, or otherwise. This amendment would simply restate that limitation on title VI. But the Secretary would continue to be free to take into account any school assignment or zoning policies that are unconstitutional—that the courts would strike down under the 14th amendment. If such unconstitutional zoning or assignments would be perpetuated by metropolitan planning proposals the Secretary could refuse to make grants under title II.

Mr. ROBERTS. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I am happy to yield to the gentleman.

Mr. ROBERTS. Mr. Chairman, would the gentleman explain the last line of his amendment where he specifies "within the metropolitanwide area"?

Would the gentleman's amendment not apply to towns that are smaller than those designated as metropolitan areas?

Mr. MULTER. We must bear in mind that the words as used in this amendment is the language of the words in the title of this bill. While in colloquial language, and usually when talking of metropolitan areas, we would exclude towns and villages such as the gentleman has in mind, this is intended to cover all of the areas as described within title II. There we are using language that is slightly different from what we would use colloquially when referring to a metropolitan area. We definitely include within the meaning of the title and within the meaning of my amendment, towns, villages, and small cities that qualify under title II.

Mr. BROCK. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman.

Mr. BROCK. Is it the intention of the gentleman's amendment, when accepted and when it becomes law, that the Secretary of HUD shall have no authority to withhold funds to achieve racial balance or to correct imbalances or to in any manner affect the operation of the schools as they relate to the complex of population in the area?

Mr. MULTER. I think the gentleman's statement is accurate. We do not intend to write anything in this bill and, as I see it, we intend to make it crystal clear with the amendment that we are not going to allow any civil rights re-

strictions to get into this bill or into the administration of what is provided for in this bill.

Mr. BROCK. This would preclude him from exercising any jurisdiction over zoning ordinances or school districts in that same respect?

Mr. MULTER. If he is going to try to rewrite zoning laws and zoning ordinances and restrictions in order to create racial balance, of course, there is nothing in this bill that permits him to do it and the amendment says he is not going to be permitted to do so.

Mr. BROCK. That is the intention of the gentleman's amendment, to preclude him from such activities?

Mr. MULTER. That is correct. That is the intent of my amendment.

Mr. BROCK. I thank the gentleman.

Mr. MULTER. Mr. Chairman, I yield back the balance of my time.

Mr. FINO. Mr. Chairman, I rise in opposition to the amendment.

The antibusing amendment would accomplish absolutely nothing. It removes virtually none of the objections raised against the metro planning title. It only addresses itself to the question of busing and not to the far more important question of the creation of metropolitanwide school districts as called for by the U.S. Office of Education.

Can anyone in this House deny that at this very moment a comprehensive draft bill for 1967 is on the desk of Secretary of HEW Gardner?

Can anyone deny that that draft includes plans for using the metro title of this bill for supplemental grants to school districts to eliminate neighborhood schools and create metropolitanwide school districts?

Does this so-called racial balance amendment address itself to such things as metrowide school redistricting, pairing of adjacent schools, teacher assignments, and development of new curricular materials? Of course it does not.

If this House is sincere in its effort to eliminate any possibility of the U.S. Office of Education from using the metro title for metrowide school rezoning, then it should vote against the antibusing amendment.

For weeks now we have been hearing that there was absolutely no mention of education in title II. Contrary to Secretary Weaver's own testimony before the House Banking and Currency Committee there has been a massive effort to confuse the Members of this House into thinking that educational planning would not be a prerequisite to metropolitan planning agencies receiving incentive Federal aid grants. Now the proponents have admitted that education is involved. They come forth with a phony amendment that places absolutely no obstacle in the way of Federal planners who have admitted publicly before committees of this House that they want to use the metro planning title for metropolitanwide school rezoning.

There is only one way to clear the doubt, and that is to vote against the antibusing amendment and to vote for the amendment to strike title II.

We will have a record vote on this issue regardless of what occurs here in committee, and if Members of this House want to go home and face the voters in 2 weeks having voted for the destruction of our neighborhood schools then they have lost complete sight of the sentiment of an overwhelming majority of American families. This is the No. 1 domestic issue facing the voters this fall and I for one will be happy to have chosen this as my political battlefield.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that all debate on the amendment now close and that we now vote on the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. RYAN. Objection, Mr. Chairman.

Mr. PATMAN. Mr. Chairman, I move that all debate on the amendment do now close and that the House vote on the amendment.

The CHAIRMAN. The question is on agreeing to the motion of the gentleman from Texas.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MULTER].

The amendment was agreed to.

(Mr. RYAN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. RYAN. Mr. Chairman, I opposed a similar amendment to title I, and I oppose this. My reasons are the same. I deplore the erosion of civil rights which has taken place this year. I deplore the capitalization upon the so-called white backlash by some and the catering to it by others.

AMENDMENT OFFERED BY MR. ASHLEY

Mr. ASHLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ASHLEY: On page 51, strike out lines 5 through 19, and renumber the succeeding sections accordingly.

The CHAIRMAN. The gentleman from Ohio is recognized.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Texas.

Mr. PATMAN. Mr. Chairman, all through the hearings and deliberations of the subcommittee and the full committee this new official drew as much fire as any other section of the bill. I understand some important mayors are opposed to the metropolitan expeditors, and in the interest of harmony I see no reason why the amendment cannot be adopted. We accept it on this side.

Mr. ASHLEY. Mr. Chairman, I am delighted, as always, to have the cooperation and support of my chairman.

There is no real necessity, Mr. Chairman, for lengthy explanation of this amendment. It would strike section 203, which provides for metropolitan expeditors.

I might say that there are some of us who feel this is a worthy and desirable provision, but that it is not essential, at least at this time.

For this reason, and in the interests of economy, I offer the amendment.

Does the gentleman from Wisconsin [Mr. REUSS] wish to have me yield?

Mr. REUSS. I do.

Mr. ASHLEY. I yield to the gentleman from Wisconsin.

Mr. REUSS. I thank the gentleman, but since I must oppose the amendment I shall ask recognition when the gentleman is through.

Mr. ASHLEY. Mr. Chairman, if the gentleman is going to oppose the amendment I will amplify my explanation.

Title II, the planned metropolitan development title, contains four essential provisions.

First, we call upon Federal departments and agencies to coordinate their activities. There has been no controversy with respect to this.

Second, provision is made for metropolitan expeditors who, at local request, can achieve coordination in metropolitan areas.

Third, we require minimum levels of coordination and cooperation at the local level as a condition for receiving a grant of Federal funds for metropolitan development.

Finally, we provide incentive grants for more effective coordination of metropolitan planning and development.

Mr. Chairman, in reviewing the thrust of these four provisions it struck me clearly that the third is the least important, and in some respects it would impose a burden in terms of financing of the program, a burden which is not essential at this time.

It was for this reason, Mr. Chairman, that I offered my amendment. I ask that the amendment be approved.

Mr. REUSS. Mr. Chairman, I rise in opposition to the amendment.

I shall be brief and I hope moderate and modulated in tone.

This amendment comes as a surprise to me, because this is a dandy section of the bill, one of the finest in the whole bill. For the life of me I cannot understand why anybody wants to take it out.

What this section would do is to meet the needs of metropolitan areas, large and small, all over the country who are complaining because they can never get anyone from Washington to tell them about what these Federal plans and programs are.

The metropolitan expeditor would authorize and direct the Secretary of HUD, whenever a locality wants one and needs one, and in consultation with the locality, to make sure they get a personna who is grata to the locals. It is one of the finest things in the bill, I believe, and I am completely at a loss as to why we want to do in our own baby here. I hope, without prolonging debate further, that this amendment will be voted down. I think the issue is perfectly clear. This admirable metropolitan expeditor should be kept in the bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. ASHLEY].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. CASEY

Mr. CASEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CASEY: On page 55, line 24, after the parenthesis (b), strike

all of the remaining portions of line 24 and 25, and on page 56, strike all of the portions of lines 1 through 7, and insert the following:

"In making this determination, the Secretary may give consideration to the applicant's program of metropolitan planning. He may consider the location and scheduling of public facility projects, whether or not federally assisted; and he may consider the applicant's efforts whether successful or not to establish zoning codes, to consistently administer subdivision regulations or similar land-use and density controls, and to establish and administer a planning commission to chart orderly community growth in the absence of a specific zoning code and zoning commission. In no instance shall a zoning code be a requirement for participation in this program."

Mr. PATMAN. Mr. Chairman, will the gentleman yield to me for a unanimous-consent request?

Mr. CASEY. I will be glad to.

Mr. PATMAN. I ask unanimous consent that all debate on this close in 10 minutes, with 5 minutes for the gentleman from Texas [Mr. CASEY] and 5 minutes for the opposition.

The CHAIRMAN. The gentleman from Texas makes a unanimous-consent request that all debate on this amendment end in 10 minutes, including 5 minutes for the gentleman from Texas [Mr. CASEY] and 5 minutes for those in opposition.

Is there objection to the request of the gentleman from Texas?

Mr. FINO. Mr. Chairman, reserving the right to object, is this only on the Casey amendment?

Mr. PATMAN. Yes. Just on the Casey amendment.

Mr. FINO. Thank you. I withdraw my reservation.

Mr. HALL. Mr. Chairman, I make a point of order. The time cannot be specified on a unanimous-consent request.

Mr. PATMAN. Mr. Chairman, I will change my request to 10 minutes.

The CHAIRMAN. Is there objection to that?

There was no objection.

The CHAIRMAN. The gentleman from Texas [Mr. CASEY] will be recognized now for 5 minutes in support of his amendment.

Mr. CASEY. Thank you, Mr. Chairman.

This again is an endeavor to see to it that cities such as my own hometown of Houston, one of the chairman's cities, Marshall, Tex., one of the gentleman from New Jersey's cities, Fairlawn, and others who do not have zoning, have the opportunity to participate in this program. I see no reason why they should object to the fact that the Secretary would have all of the latitude that he wants to sit down and determine whether or not a city would qualify, but to put in there that they would not have to have as a prerequisite zoning ordinances in order to comply. They have opposed my previous amendment along this line. One of the arguments made was that they felt zoning was a very high type of thing to have. They indicated it might be necessary. I do not argue that point, but I am just saying this: Our own city and its officials and citizens have tried three times in the past but were unsuc-

cessful. The people voted it down. That is their privilege if it is their desire, but let us not set up a program here which precludes hundreds of cities from even applying in order to participate in this program.

For the life of me, I cannot understand why this committee wants to object to that, but it does.

Mr. Chairman, the only thing that I can see is that this bill and language, if adopted and enacted, will place into the hands of the Secretary, with all of the latitude he has got in this bill, power to be the lord mayor of every city and town in this country and I, for one, shall not support the bill for that reason.

Mr. MULTER. Mr. Chairman, will the gentleman yield to me at that point?

Mr. CASEY. No, I am not going to yield.

Mr. ASHLEY. Mr. Chairman, I rise in opposition to the amendment.

(Mr. ASHLEY asked and was given permission to revise and extend his remarks.)

Mr. ASHLEY. Mr. Chairman, it will not be necessary for me to take more than a few seconds in opposition to this amendment.

Of course, Mr. Chairman, it is the same amendment that the gentleman from Texas has offered to title I.

I believe it is necessary only to point out that, of course, there are no requirements contained in the bill, as the gentleman seems to believe there are.

Mr. Chairman, I might say that the gentleman is flailing at windmills, and inasmuch as we have covered this ground before, not longer than 2 hours ago, I would hope that we could dispose of this amendment and that the members of the Committee would join me in voting it down.

Mr. CASEY. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Texas.

Mr. CASEY. Mr. Chairman, can the gentleman from Ohio assure me that this will not be a definite requirement, a requirement that they have zoning ordinances?

Mr. ASHLEY. Mr. Chairman, I believe the bill speaks for itself, if I may say to the gentleman from Texas and, it is not possible for me to give assurance to the gentleman with respect to all facets of the operation of the bill.

Mr. CASEY. Mr. Chairman, if the gentleman will yield further, I will ask the gentleman this question:

Should the Secretary see fit to set minimum requirements, as he has done upon urban renewal projects to the effect that there must be a zoning ordinance, will the gentleman assist me in trying to see that he relaxes that provision?

Mr. ASHLEY. I think that to entertain any expression of interest on the part of the gentleman from Texas—

Mr. CASEY. Wait a minute. If it is going to take legislation, we ought to do it now. But, as I understand it, the gentleman from Ohio does not think it might be necessary to have legislation thereon.

Mr. ASHLEY. Mr. Chairman, I see no reason to feel that this subject needs additional legislation.

Mr. Chairman, I believe the gentleman from Kansas pointed out earlier that in his city, which has zoning requirements—

Mr. CASEY. Mr. Chairman, if the gentleman will yield further, I did not say that. This is not correct. This organization said, and the gentleman made a statement—

Mr. ASHLEY. The gentleman from Kansas pointed out the fact that he does have zoning in his city.

Mr. CASEY. Well, Mr. Chairman, I did not understand the gentleman to say that.

Mr. ASHLEY. Mr. Chairman, the gentleman from Texas is anticipating difficulties that I do not think will arise.

Mr. CASEY. Mr. Chairman, if the gentleman will yield further, I appreciate the gentleman's remarks, and I simply hope that the gentleman is right, that in any of these great metropolitan areas—and I can anticipate that Houston will have problems—it will want to at least participate.

Mr. ASHLEY. Mr. Chairman, I can appreciate the gentleman's concern and I do feel that he is a fine legislator and a gentleman for whom I have a very high regard and respect.

However, Mr. Chairman, I believe the gentleman is anticipating something in advance which I do not believe we should anticipate and I do not believe that we should legislate on that basis.

Mr. CASEY. Mr. Chairman, if the gentleman will yield further, I am sure that the gentleman from Ohio can see why I am anticipating that in advance, based upon what the Secretary did before?

Mr. ASHLEY. Can the gentleman from Texas show me wherein he has not been treated properly with reference to urban renewal? If the gentleman can do that, then I would be much more persuaded than by other mere statements.

Mr. CASEY. Oh, all I can show you is the planning regulations of the Secretary as to the requirements involved in urban renewal, and one of them is a zoning ordinance and a map.

Mr. ASHLEY. Well, Mr. Chairman, I believe the gentleman's point has been made, but I am sure that the gentleman can understand the position I am taking and I ask for a vote on the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. FINO] for 3 minutes.

(Mr. FINO asked and was given permission to revise and extend his remarks.)

Mr. FINO. Mr. Chairman, I rise in reluctant opposition to the amendment offered by the gentleman from Texas [Mr. CASEY]. I read with interest the speech of the gentleman of yesterday in opposition to title II as presently drafted where he said that title II would "create a Federal Lord Mayor over our cities, telling them what must be done on a local level." The gentleman was particularly bothered by the language on page 55 of the bill which would grant broad powers to the Secretary of HUD to determine whether metropolitanwide planning agencies had sufficient control over local zoning ordinances.

But his amendment in no way would cure the situation. All his amendment would do would be to make eligible several metropolitan areas that would be prohibited from participating in the program because they lack local zoning ordinances. But listen to what the amendment of the gentleman from Texas would permit:

Secretary Weaver would still have vast control over metropolitan planning. He would have control over both the location and the scheduling of all public facility projects in that metropolitan area, even those projects which are being built without Federal aid. As Secretary Weaver himself testified on page 53 of the printed hearings, the Casey amendment would still permit Secretary Weaver to have broad discretionary controls over metropolitanwide education facilities.

The Casey amendment would still permit Secretary Weaver to seek establishment of metrowide zoning controls as a prerequisite to Federal aid.

I can well understand why the gentleman is upset by title II and I commend him for calling the attention of the House to the huge power grab by the Department of HUD over purely local matters, such as zoning, land use patterns, subdivision regulations, as well as the location and scheduling of all public facility projects within a metropolitan area.

It makes little difference to me whether or not the House accepts or rejects this amendment, because the amendment would change nothing. It would merely permit the Secretary of HUD to hold a club over the heads of more metropolitan areas than the bill before us would permit.

Nevertheless because acceptance of this amendment might further confuse the House, I urge that it be rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. CASEY].

The question was taken and, on a division demanded by Mr. CASEY, there were—ayes, 15; noes, 38.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. FRASER

Mr. FRASER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FRASER: Page 52, lines 9 and 10, strike out "elected officials of the units of general local government" and insert in lieu thereof "elected officials of a unit of areawide government or of the units of general local government."

The CHAIRMAN. The gentleman from Minnesota is recognized for 5 minutes in support of his amendment.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. FRASER. I will be glad to yield to the gentleman.

Mr. COLMER. Mr. Chairman, I appreciate the gentleman yielding to me.

I merely wanted to announce that the Members have already received an invitation to attend the unveiling of a portrait of our friend, the chairman of the Committee on Rules, at 5 o'clock in the Committee on Ways and Means room in the Longworth Building. Those Members who can find it convenient to get away from here and go over there, we would be very happy to see them there.

I thank the gentleman for yielding.

Mr. FRASER. I thank the gentleman.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. FRASER. I yield to the gentleman.

Mr. BARRETT. Mr. Chairman, if it is agreeable to the other side, I want to state that the gentleman from Minnesota [Mr. FRASER] has discussed this amendment with me and with the chairman of the Committee on Banking and Currency and with others. The Department has no objection to this and I think the gentleman's amendment is a good one and I hope that it can be adopted.

Mr. FINO. Mr. Chairman, will the gentleman yield?

Mr. FRASER. I yield to the gentleman.

Mr. FINO. Mr. Chairman, in the absence of the ranking minority Member on this side, may I ask for a brief explanation of the amendment.

Mr. FRASER. Mr. Chairman, this amendment seeks to deal with the requirement for the planning agency in section 204.

On page 52 of the bill, line 5, paragraph (1), there is a requirement for a planning agency which is composed of or responsible to the elected officials of the units of general local government.

This is the way that our metropolitan planning commission is organized today in the Minneapolis-St. Paul area.

However, there is under discussion by some citizens of our community and by some of our officials of the possibility of having an agency with areawide responsibility which may be elected directly by the people.

The purpose of my amendment simply is to make more flexible the kinds of arrangements at the local level which will qualify under this provision of the bill.

This amendment is simply designed to enlarge local options and local choices with respect to this matter.

I might say that I have spoken to the gentleman from New Jersey briefly about this and while he indicated no position to it, I did furnish him with a copy of the amendment.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. FRASER. I yield to the gentleman.

Mr. BARRETT. Mr. Chairman, if it is agreeable with the other side, I want to state that the chairman of the full Committee on Banking and Currency has discussed this with me and with the gentleman and we are willing to accept the gentleman's amendment.

(Mr. FRASER asked and was given permission to revise and extend his remarks.)

Mr. FRASER. Mr. Chairman, section 204 of S. 3708, which begins on page 51 of the bill, is titled "Coordination of Federal Aids in Metropolitan Areas." It provides that all Federal loans or grants made after next June 30 for certain kinds of projects in a metropolitan area shall be submitted for review to an areawide agency. The section pertains to open-space land projects and to the planning and construction of hospitals, airports, libraries, water supply

and distribution facilities, sewerage facilities and waste treatment works, highways, transportation facilities, and water development and land conservation projects.

As the language of 204(a)(1), starting on line 5 of page 52 of S. 3708, now reads, the areawide agency designated to perform metropolitan or regional planning would be, "to the greatest practicable extent, composed of or responsible to the elected officials of the units of general local government within whose jurisdiction such agency is authorized to engage in such planning."

The amendment I am proposing would strike out the words "elected officials of the units of general local government" on lines 9 and 10. The substitute language would read instead, "elected officials of a unit of areawide government or of the units of general local government."

The present language contains little flexibility and could inhibit experimentation by State and local units of government in determining the type of agency that would be most suitable to their metropolitan areas.

My amendment is designed to assure that flexibility by broadening the language. In many metropolitan areas, such as the one I represent, there is a great proliferation of local units of government. The most effective areawide agency in some of these areas undoubtedly could best be chosen in some manner besides the "council of governments" approach written into the bill.

This amendment would not eliminate such an approach, which has proven effective in some metropolitan areas. All the amendment would do is give State and local governments the option of following another course of their own choosing.

Under our federal system, the scheme of Federal grants in aid is one of the most progressive and effective devices for carrying out programs of benefit to our local communities. Congress has established grant-in-aid programs where there is a national problem to be met but a strong desire to have administration of the program kept at the local level.

But we have used the grant-in-aid principle for so many different programs that there is now a real need for coordination of these activities, especially in our metropolitan areas.

The President's budget for fiscal 1967 proposed Federal aid to State and local governments in the amount of 14.6 billion dollars. This is three times the level of Federal aid 10 years ago.

The latest catalog of Federal aids to State and local governments prepared by the Senate Committee on Government Operations, lists nearly 400 separate authorizations for Federal assistance to State and local governments. Most of the executive departments and a large number of independent agencies operate Federal-aid programs.

Section 204 of S. 3708, "Coordination of Federal Aids in Metropolitan Areas," would insure that Federal agencies dispensing aid would have the benefit of the suggestions of a central planning agency for the metropolitan area. No longer would each Federal department operate

without regard to the plans of other Government agencies and interest groups.

Since the Minneapolis-St. Paul metropolitan area is a good example of proliferation of governmental units, I would like to address myself to the important question of how we can create an areawide agency capable of formulating a development plan and policy for the metropolitan area. This is extraordinarily difficult. It will have to be an agency that is, all at the same time, first, genuinely representative of the area; second, politically responsible to the area; and third, capable of making positive and effective decisions on the most sensitive and controversial issues.

I do not think any area in the country has come really close to a solution yet. The councils of governments approach now in use in the Washington area and in a dozen or so other metropolitan areas around the country is an important advance, in that it promises to involve political officials more closely in consideration of these issues of metropolitan growth. It has been given careful consideration in Minnesota. There is a strong feeling among people who have looked at this proposal for the Twin Cities area, however, that no formula for representation on an areawide council has yet been worked out which will make it possible for such a council to make the difficult and binding voting decisions which will inevitably be required if the hard issues of metropolitan development are to be settled effectively.

In the Twin Cities area we have 45 urban towns, 107 villages, 25 cities, 1 borough, and 7 counties. We have, in addition, as special units of local government, 69 school districts, 25 rural towns, 1 Federal reservation, and 19 districts handling everything from airports to mosquito abatement. Most important is that these cities and villages range in population from 500,000 down to 500. How—with this variation—are we to design an effective system of representation and voting? One of the interesting ideas put forward—by, among others, the municipal leaders in the Twin Cities area who are interested in forming some sort of areawide agency—is to base the representation not on local units directly but rather on the framework of the State legislative districts, which are now, after two reapportionments—and should remain—remarkably equal in population size. This would make possible a council in which the members would sit as equals and could vote on a one-man, one-vote basis. The unsolved problem is how to select the representatives within this framework. This is still being actively discussed.

I mention all this simply to suggest the tremendous variation that exists in the governmental situation among the various metropolitan areas of this country—and to emphasize the need that still remains for the broadest kind of experimentation with new forms of organization at the metropolitan level. I think it is important in drawing up the needed Federal incentives to encourage the creation of areawide agencies to prepare

metropolitan plans, and to review proposed Federal-aid projects for conformity with these plans, that the Congress follow a double policy:

First, it should be careful to leave room for areas, such as Twin Cities, to pioneer with entirely new arrangements for making areawide development policy.

Second, the Federal interest should be to encourage the creation of agencies which are as representative as possible of the full range of governmental organizations carrying on statutory activities, and levying taxes, within the metropolitan area—the State, the counties, the municipalities, and the school and other special districts.

We have very little really solid experience to rely on yet, to know what sort of institutional arrangements actually work effectively. While we may anticipate only slow, steady progress—through the cooperation and consultation of local units—in most of our urban area, we should be careful not to discourage the possibility that some State or metropolitan area may decide it wants to try a real breakthrough into some more advanced form of organization.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. FRASER].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. FINO

Mr. FINO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINO: Strike out title II, beginning on page 49, line 1, and ending on page 61, line 16.

And redesignate the succeeding titles and sections (and the references thereto on page 77, lines 5 and 10, and page 125, line 2) accordingly.

Mr. FINO. Mr. Chairman, the purpose of my amendment is to strike title II—the metro title—of this bill. The gentleman from New York has offered and has been successful with a “red herring” amendment to make you think that metro is now harmless. But gentlemen, what have we achieved with an amendment that prohibits the metro planners from requiring busing as a condition of aid? I suggest to you that metro planning does not force or require communities to adopt busing schemes any more than the President forces Members of this Chamber to vote like he wants. What the metro planners, just like the President, will do is suggest this type of scheme. Just because you hear twisted arms cracking does not legally mean that local communities are being required, by law, to come up with school balance schemes. This phony amendment we passed is a pro-busing amendment, it will not slow down one Weaver-Howe schoolbus.

Besides, some of you act as if you think that busing was the only forced integration scheme in the book. There are many. Under this metro plan, our communities are going to have to volunteer to do a lot of things. Busing is just one of many—and the trick amendment passed does not stop even busing. On top of this, we have pairing and school redistricting. Then there will be educa-

tional parks. All these are racial balance schemes, and they will require busing coincidentally, but the busing will not be for racial balance, it will just be to get kids to school in the district they live.

Mr. Chairman, the amendment passed earlier is one of the biggest suckerbait amendments I have ever seen in my life. I know the Howe forces and the Weaver fans who drew it up were not trying to fool Republicans: they knew we were against it. They were trying to fool Democrats. Let me pose a question: Suppose someone asked you how this amendment would actually prevent busing. Could you give a good technical explanation? If not, you better vote to kill metro. I do not want any of my good friends to be left out on the limb with only the suckerbait amendment when metro gets rolling.

Educational facilities are not the only type facilities that are to be planned under metro. Dr. Weaver has also talked about “housing and relocation.” This means that suburbs and slums will have to plan housing together as well as education. Just in case there is not enough forced racial balance in the schools after all these metrowide plans, Dr. Weaver will see to it that there is forced integration in housing. For example, he will use metro planning to force rent supplement housing on unwilling communities in such a way as to undermine the “local option” proviso the Appropriations Committee tacked onto the rent supplement appropriation.

Let me return to metro. It is to be used to plan the metropolitan areawide location of all publicly assisted facilities. This includes not only public schools, but any parochial schools getting Federal assistance. Nor is metro planning limited to only the location of such facilities. The metro government is going to be allowed to plan the financing of such facilities. That means that suburbs are going to be forced to plan schools with central city slums—at the expense of those suburbs, whose tax structure will be supervised by the metro government.

Listen to the type of metro school planning U.S. Education Commissioner Howe has in mind. No antibusing amendment, even a legitimate one, can block him—only the demise of metro. This is a quote from Howe:

Traditional school boundaries often serve education badly and may have to be changed. New York and New Jersey surrendered state prerogatives to form the Port of New York Authority in the interests of improved transportation. If we can make such concessions for transportation, I suggest that we can make them for education. We could, for example, alter political boundaries to bring the social, intellectual and intellectual strength of the suburbs to bear on the problem of cities schools.

This is exactly what metro plans to do. Set up metro and you give the slums access of suburban taxpayers. Listen to the ultimate objective of metro. Now I will quote the Washington Post of July 3, which discussed the way the metro idea has found favor at a White House Conference “To Fulfill These Rights.” Listen to the plans the social planners have for metro:

Essentially, the idea is that the Federal Government must provide the lever for Negroes to crack the suburbs. The way to do it? Put all the Federal funds for housing, school, anti-poverty programs into one bag. To get the money, local officials would be required to draw up plans on a metropolitan wide basis. Suburbs would be asked to build scattered low-income housing and work out areawide plans for school integration.

I submit that metro is a dangerous thing to set up. No amendment can make anything decent out of it. No amendment has. I urge you to defeat the metro title by supporting my amendment.

Mr. PATMAN. Mr. Chairman, I rise in opposition to the amendment. I can see no reason to remove from the bill a genuinely effective incentive for well-planned metropolitan development.

Twenty years from now we will have added at least 54 million people to our metropolitan population, the great bulk of them in suburbs. This is the equivalent of adding 5 New Yorks or 27 Washingtons.

That is a vast amount of construction, a vast amount of new sewer lines, a vast amount of new highways, and parks, and houses. It is also a vast amount of Federal-aid funds. It is enough to make you wonder what our countryside, and our downtowns, are going to look like in 20 years.

It is clear that without good planning, the result will be an expensive and disorderly tangle of highways cutting carelessly through communities, disappearing parklands, and neon-lit strips substituted for quiet residential neighborhoods. Words alone are not going to meet this problem.

What does title II do? It provides a new approach to making planning effective. It increases Federal assistance to cities and other State and local bodies which actually develop projects and administer local zoning and subdivision controls consistently with their own metropolitanwide plans. The increase in aid will come in the form of a supplement to the Federal share of projects already being assisted under 10 different programs. The supplementary grant cannot exceed 20 percent of the cost of these projects.

A 20-percent increase in a Federal grant is a real incentive for good local planning, and for actually putting the local plans into effect.

At the same time, the bill will take a major step forward in coordinating the present 140 different programs and 21 different Federal agencies which offer aid to our cities.

The arguments against title II are very thin indeed. There has been a suggestion that the title might be amended next year to encourage busing of schoolchildren. I have been personally, and emphatically, assured by Secretaries Weaver and Gardner that no such intent exists, or ever did exist, on the part of the administration. Furthermore, to quote a telling point from Secretary Weaver's letter to me:

No legislation, no matter how worthy, would ever be enacted if it were delayed whenever there was a possibility that unde-

sirable amendments might be added in the future.

Let us remember, busing cannot be added to this title unless the Congress itself adds it.

Opponents of the title have raised the familiar specter of Federal domination. Yet, no community is compelled to enter the program, nor will it lose a penny of aid under already existing Federal programs, if it does not participate. In addition, there is no provision in this title, or anywhere else in the bill, which allows the Federal Government to dictate the decisions of any development plan.

Mr. Chairman, title II should be retained and I urge rejection of the amendment.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from New York.

Mr. MULTER. I thank the gentleman for yielding. I merely wish to supplement what the distinguished chairman of our committee has said.

I want to indicate in opposition to the proposed amendment to strike this title that the language of my amendment, which has been adopted, says very clearly, beyond peradventure of doubt or argument, that nothing may be done in the bill or in the title that will in any manner authorize any requirement to achieve racial balance or to eliminate racial imbalance.

Mr. STANTON. Mr. Chairman, I rise in support of the amendment offered by the gentleman from New York.

(Mr. STANTON asked and was given permission to revise and extend his remarks.)

Mr. STANTON. Mr. Chairman, I rise in support of the amendment offered by the gentleman from New York, and in so doing I can honestly say that I know of few Members of this body who have had more experience with suburban growing pains in the last 8 years than the speaker in the well at the present time.

As a former county commissioner of a suburban county adjoining Cleveland, Ohio, I can fully appreciate the growing pains that many of our suburban communities in our metropolitan areas are going through. For 8 years I was faced with these problems in the fastest growing county in the State of Ohio.

I fully agree that there are entirely too many political subdivisions through which metropolitan wide problems are often left unsolved. I can attest to the fact that there is a real need for greater coordination between the central city and suburban governments.

As a matter of fact, I can even agree that, in certain instances, the Federal Government can provide the initiative and the leadership for better coordination of our metropolitan area problems.

For example, I fully agreed when the Federal Government insisted that the seven counties surrounding Cleveland form a seven-county transportation commission in order to implement the highway program that was authorized by a previous Congress.

But I think it would be a tragic mistake for this Congress to approve a pro-

gram that we are now considering that would place the Federal Government in a position of bribing metropolitan areas with millions of additional Federal aid in an effort to seek an answer to our metropolitan problems.

The real danger in title II is a potential one. A careful reading of this section leaves serious doubt if the creation of the metro form of government, as described in title II, would not in reality create a metro form of government under the complete control of the Federal planners in Washington.

In reading the testimony of Dr. Weaver in hearings before the other body on the demonstration cities program, he clearly states that, in order to cooperate, the cities will have to:

1. First examine their existing laws to determine the extent to which these laws impede substantial progress in carrying out their demonstration programs and to take appropriate action, if necessary, to make those laws consistent with the objectives of their program.

2. In many localities the structure of real estate taxes, inadequate and often obsolete housing codes, zoning laws and artificial restraints on building practices retard the prompt and proper development of the cities' physical characteristics. Local efforts to remove these restrictions can be one of the major benefits of the Cities Demonstrations Program.

3. Encourage good community relations and counteract the segregation of housing by race or income. Non-discrimination in any housing assisted under a Demonstration Program is a legal requirement.

4. Indicate that the projects and activities carried on under the program will be consistent with comprehensive planning for the entire urban and metropolitan area.

5. A program meeting the statutory criteria for a comprehensive Demonstration Cities Program—and committing the city to take these additional actions which may be expected of them—is not lightly undertaken.

The Secretary then adds:

But nothing less will do.

The bill clearly states that the Secretary of HUD will make the final determination as to the proper type of metropolitan planning. I think that we should make no mistake today that we are voting not simply on a question of metropolitan government on a volunteer basis, but a question of metropolitan government in the broadest and most comprehensive form.

But far more important than the argument of for or against metropolitan government is the more far-reaching question of whether or not metro government should be defined, controlled and guided by Federal guidelines.

Mr. Chairman, I urge support of the amendment of the gentleman from New York.

Mr. CRAMER. Mr. Chairman, I move to strike the requisite number of words.

(Mr. CRAMER asked and was given permission to revise and extend his remarks.)

Mr. CRAMER. Mr. Chairman, I rise in support of the amendment.

Mr. PATMAN. Mr. Chairman, will the gentleman yield to me for the purpose of propounding an unanimous-consent request?

Mr. CRAMER. Mr. Chairman, I do not care to have debate cut off at this

point. Therefore, I do not yield to the gentleman from Texas.

Mr. PATMAN. Mr. Chairman, I would hope that the gentleman from Florida would yield for a unanimous-consent request.

Mr. CRAMER. Mr. Chairman, if it is to cut off debate, no; I decline to yield, because I believe it is necessary to find out, frankly, what this title does, and I am taking this time, largely, in an effort to find out what this title proposes to do.

Frankly, Mr. Chairman, if the title does what it proposes to do—and I have sat here this afternoon and have read and reread not only the bill, I have not only read and reread title I, but I have read and reread title II; and not only the majority report, but the minority views as well, and frankly, I am afraid that the Committee is going much farther than it intends to go.

Mr. Chairman, I am talking about something other than the busing of students or about setting up these school communes under a metro plan, a plan which envisions 10,000 or 12,000 children being required to go to one large school in one large metropolitan area, and the destruction of the neighborhood school system and which I do not like.

Mr. Chairman, I am going to talk about something other than that. That is bad enough as it is.

However, Mr. Chairman, I would like to ask this question of the chairman of the committee, the gentleman from Texas [Mr. PATMAN].

Mr. Chairman, I read under title II in section 204 on page 51 of the bill language to this effect:

All applications made—

This is under "Federal Aids," and I would like some member of the committee to answer this question and I wish the Members would listen to this—

All applications made after June 30, 1967 for Federal loans or grants to assist in carrying out open-space land projects or for the planning or construction of hospitals, airports, libraries, water supply and distribution facilities, sewerage facilities and waste treatment works, highways, transportation facilities, and water development and land conservation projects within any metropolitan area shall be submitted for review—to a metropolitan planning agency—

Mr. Chairman, this is a matter that has bothered me. It again involves a standard metropolitan statistical area, a statistic established by the Bureau of the Budget, and we know what the statistical area is today in Washington, D.C.

Mr. Chairman, in Washington, D.C., it means the southern part of Maryland, near Washington, and all outlying areas of Maryland; it means the eastern part of Virginia near Washington.

Mr. Chairman, that is an example of the metropolitan area about which this bill speaks; is that not right?

Mr. BARRETT. Yes.

Mr. CRAMER. Mr. Chairman, a member of the committee says "Yes."

So, Mr. Chairman, it means that by June of 1967—that is 7 months—8 months from now—the whole metropolitan area of Washington, D.C., in Maryland, in Virginia—yes, and in the central east coast area of Florida, Tampa, St.

Petersburg, Clearwater—have got to get together and form an areawide planning group which they have no legislative authority to do—or lose Federal funds. There is no authority which those three communities have under State legislation to get together in a planning group.

I say to you the area here in Washington does not have adequate authority to do so, and it cannot be done so without approval. As to all of the Governors involved in this case—as is defined in “areawide agency” on page 60 what happens if they do not do it? That is the point.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. Mr. Chairman, I will yield when I finish. I have not finished my thought.

Mr. REUSS. Mr. Chairman, I am sorry. I thought the gentleman wanted an answer to his question.

Mr. CRAMER. Let me finish my thought. Then I will be glad to yield to the gentleman.

As I said, what happens? They lose their money. So that this areawide plan has to take place by June of 1967 or they lose—not the bonus, listen to this, now. They not only lose the bonus that brings them up to 80 percent of the local cost, under section 205, but they lose everything under section 204.

Is that not right? They lose all this Federal granted money. They not only lose the bonus but the grant itself. The bonus is the next section dealing with grants to assist in planned metropolitan development.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. If the gentleman will let me finish, I will yield.

I am talking now about Federal aid in metropolitan areas. It says all applications for grants for all these programs after June 30, 1967, must conform to this metropolitan plan or the money is lost under section 204.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. Yes, I will yield to the gentleman.

Mr. REUSS. Mr. Chairman, the gentleman keeps propounding questions but not permit time for an answer, so it is a little difficult to answer his questions.

Mr. CRAMER. If the gentleman wishes to answer, I will be glad to yield for an answer.

Mr. REUSS. I will be glad to answer.

Mr. CRAMER. If you want to answer my question, I will yield.

Mr. REUSS. Mr. Chairman, if the gentleman will read on pages 60 and 61, subparagraph (7), in lines 22 to 25, inclusive, it says that the areawide agency that can approve these plans can be any other agency such as may be designated by the Governor.

Mr. CRAMER. That is true.

The CHAIRMAN. The time of the gentleman from Florida has expired.

Mr. CRAMER. Mr. Chairman, I ask unanimous consent that I be permitted to proceed for an additional 5 minutes.

The CHAIRMAN. The gentleman from Florida makes a unanimous-consent request that he be permitted to proceed for an additional 5 minutes.

Mr. REUSS. Mr. Chairman, reserving the right to object.

The CHAIRMAN. The gentleman from Wisconsin reserves the right to object.

Mr. REUSS. Mr. Chairman, is the gentleman who a moment ago refused to yield for a unanimous-consent request to the chairman of the Committee on Banking and Currency—

Mr. CRAMER. Yes, to cut off debate.

Mr. REUSS. Is the gentleman now asking for a unanimous-consent request to proceed further?

Mr. CRAMER. Mr. Chairman, I said I would decline to yield if he wanted to move to cut off debate. I said I would be happy to yield for any other purpose.

Mr. PATMAN. Mr. Chairman, would the gentleman yield to me at this time for a unanimous-consent request?

The CHAIRMAN. Is there an objection?

Mr. CRAMER. Mr. Chairman, is the unanimous-consent request of the gentleman from Texas to cut off debate?

Mr. PATMAN. Yes.

The CHAIRMAN. Let us have regular order, please.

Does the gentleman from Wisconsin withdraw his reservation of objection?

Mr. REUSS. Mr. Chairman, I withdraw my reservation of objection.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that the debate close on this amendment in 10 minutes after the gentleman from Florida concludes his 5 minutes.

The CHAIRMAN. The gentleman from Texas makes a unanimous-consent request that at the conclusion of the statement of the gentleman from Florida, all debate close in 10 minutes on this amendment.

Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Florida for 5 additional minutes.

Mr. CRAMER. Mr. Chairman, the gentleman from Wisconsin has said that the Governor can designate what the metropolitan area should be. Who is the Governor of Washington, D.C., to make such a designation? I do not see in here any special exception for Washington, D.C.

Mr. REUSS. Mr. Chairman, if the gentleman will yield, I will be pleased to answer him.

Mr. CRAMER. I do not see any exception insofar as Washington, D.C., at least is concerned.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. Yes, I yield.

Mr. REUSS. Mr. Chairman, I would say in reply to the gentleman that in the Washington area, instead of an uncoordinated group of isolated and self-Balkanizing communities, we have a Washington Metropolitan Council of Governments, which under section (7), lines 17 to 22, would be the regional agency empowered under State and local laws, or under an interstate compact or agreement, to perform comprehensive planning in this area.

So you do not need the Governor in Washington, D.C.

Mr. CRAMER. I understand that.

Mr. REUSS. So that the gentleman's fears for the Nation's Capital are groundless.

Mr. CRAMER. I understand that in the District there is an agency—but for limited purposes and not for planning sewage for instance. The Governor of the State of Florida does not have the authority under State law to appoint or designate such an agency and what is going to happen there in June of 1967 if there is going to be a cutoff thereafter, because the legislature will not have been able to act by that time to designate somebody. And the money going to these metropolitan areas because they have not conformed will be cut off for hospitals, airports, libraries, water supplies, sewage treatment facilities, highway and water development facilities.

That is precisely what is going to happen. I do not know whether the committee intended to do that or not. But I am giving you this word of caution that that is what is likely to happen. All of these grants, under the terminology of this section 204, it seems to me, are going to come to an end as of June 30, 1967, as this bill is drafted.

Now is that the penalty we are going to have to pay in order to get these statistical areas, these large metropolitan areas that include two or three municipalities into a planning program? Is that the price we are going to have to pay to force those two or three municipalities that have no legislative authority to plan in unison at the present time and who have a governor who has no power to appoint anybody to do their planning for them? They are helpless—they are helpless and they cannot possibly conform to the requirements of this section.

I fail to understand how anyone could possibly write a mandatory provision affecting all present grants affecting all of the highway programs, the interstate program, the primary and secondary, the rural and urban programs within these metropolitan areas—they are all going to be adversely affected. All of this sewage treatment money that we just voted out in conference the other day, \$3.4 billion—those municipalities that need this help so badly—by June of 1967, and therefore, it will be cut off of the sewage treatment construction money merely because they do not have an area-wide metropolitan planning agency that conforms to what the Secretary says he thinks it ought to be.

Mr. FRASER. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman.

Mr. FRASER. I have been reading this language that the gentleman has been referring to, and I am looking for the section which the gentleman seems to say will cut off these funds.

Mr. CRAMER. It is on page 51, in section 204.

Mr. FRASER. I have read that. What it says is that it shall be submitted to any area-wide agency which is designated.

Mr. CRAMER. Yes; and there is no possibility of designating an area-wide agency.

Mr. FRASER. Exactly.

Mr. CRAMER. And it is mandatory, it says it shall be submitted. It does not say "may be." It says it "shall be submitted."

Mr. FRASER. It says: "to any area-wide agency which is designated."

If there is none designated, obviously it is not a requirement, as I read it, unless the gentleman has found other language.

But it seems to me that this says if a local community or a State government, or whatever agency there is at the local level, has established this kind of area-wide agency, then the gentleman is right—it must be submitted. But if there is no such agency designated, I find no language anywhere here that cuts off the grant in the manner that the gentleman has suggested.

Mr. CRAMER. All applications under section 204 made after June 30 shall be cut off, and as I read it, it is mandatory to have such a planning agency after June 30, 1967, or the money will be lost. Reading paragraphs 1 and 2 on page 52 together it says such projects "shall" be, first, submitted to an area agency or, if none exists; second, to the local unit in conformity with areawide metropolitan plans and, therefore, such plans must be in force by June 30, 1967. I repeat, this bill says to conform or get cut off.

The CHAIRMAN. For what purpose does the gentlewoman from Ohio [Mrs. BOLTON] rise?

Mrs. BOLTON. Mr. Chairman, I move to strike out the last word.

Mr. HANNA. Mr. Chairman, will the gentlewoman yield for a parliamentary inquiry?

Mrs. BOLTON. I yield to the gentleman.

Mr. HANNA. Mr. Chairman, I wish to inquire of the Chair, if I am not correct in the assumption that there had been a limit of time established following the speech that has just been made. I would point out to the Chair that after the conclusion of the remarks of the gentleman who just concluded, there were several Members of the Committee standing. I thought the Chair would then divide the time between those persons then standing; am I right?

The CHAIRMAN. As I remember, if your statement were correct, you would be right. However, I only saw one person standing at the time it was closed and I so advised the Clerk. It did not include the gentlewoman. There are 10 minutes remaining. There are still 5 minutes remaining for that one person who I will name when the time comes. It did not include the gentleman from California.

The gentlewoman from Ohio will proceed for 5 minutes.

Mrs. BOLTON. Mr. Chairman, title II, the metro title of this bill, S. 3708, is the most far-reaching piece of legislation to come before the House in many years—all too far reaching.

How can any Member who believes in restoring and preserving the powers of local government, read pages 55 and 56 and still vote for this bill?

Why should the Secretary of Housing and Urban Development have discretionary powers over such purely local

matters as zoning, subdivision regulations, land-use patterns in metropolitan areas, and so on? Why should the Secretary of HUD have discretionary powers over the location, scheduling and financing of all public works projects in a metropolitan area, whether or not such projects receive Federal aid? Why should metrogovernment and metro planning be placed under the thumbs of Federal planners?

Why should metroplanning funds be contingent upon metrowide planning of our neighborhood schools, as outlined by Secretary Weaver in his testimony before the Housing subcommittee on page 53 of the printed hearings?

Mr. Chairman, how many of us would be truly representing our constituents if we vote for a metrogovernment for virtually every metropolitan area, under the complete control of a "Federal expeditor" who would take his orders from Washington?

How many areas of our country have voted for metrogovernment? The answer is, hardly any.

How many areas overwhelmingly have turned down, on public referendums, the metro concept? Practically every one, where a vote has been taken.

The people have rejected this, and now we are being asked—or is it forced—to circumvent their expressed desires.

Mr. Chairman, if this is still a "representative body," which I am beginning to question, then we will reject the metro title of this bill. I cannot tell you how unbelievable this whole bill is to me.

We Ohio people have a way, a history indeed, of not necessarily conforming to Federal ideas, and I, for one, though I originated as a Connecticut Yankee, am definitely an Ohio woman. I deeply resent the effort being made to change our entire form of government without opportunity being given to the people of these United States to express themselves.

The CHAIRMAN. The only person standing at the time the gentleman from Texas made his motion to limit debate was the gentleman from Tennessee [Mr. BROCK]. He will now be heard for 5 minutes.

(Mr. BROCK asked and was given permission to revise and extend his remarks.)

Mr. PATMAN. / Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. PATMAN. At the time the gentlewoman from Ohio was recognized, the gentleman from Pennsylvania [Mr. BARRETT] was on his feet asking for recognition.

The CHAIRMAN. That may be, but the Chair did not see the gentleman from Pennsylvania, and merely standing is not sufficient.

Mr. PATMAN. He asked for recognition.

The CHAIRMAN. May I point out that the Chair did not see the gentleman from Pennsylvania standing.

Mr. PATMAN. Perhaps I should make another unanimous-consent request.

The CHAIRMAN. The gentleman will state it.

Mr. PATMAN. Otherwise the members of the minority will have the last 15 minutes of debate, and I do not think that was intended.

The CHAIRMAN. I have no idea what was intended at the time the motion was made. At the time the motion was made by the gentleman from Texas to suspend debate the only Member standing was the gentleman from Tennessee [Mr. BROCK].

Mr. ST GERMAIN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. ST GERMAIN. At the time the gentleman from Texas made his unanimous-consent request he was standing.

The CHAIRMAN. That is correct.

Mr. ST GERMAIN. Why is he not recognized?

The CHAIRMAN. He is entitled to 2½ minutes if he wishes it.

Mr. ST GERMAIN. Thank you, Mr. Chairman.

Mr. MULTER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MULTER. I understood that there were only 5 minutes remaining, and the Chair has recognized the gentleman from Tennessee [Mr. BROCK] for 5 minutes.

The CHAIRMAN. If the gentleman from Texas desires 2½ minutes, the gentleman from Tennessee [Mr. BROCK] will be recognized for 2½ minutes only.

The gentleman from Tennessee will proceed for 5 minutes. The gentleman from Texas is always very gracious.

Mr. BARRETT. Mr. Chairman, will the gentleman from Tennessee yield to me?

Mr. BROCK. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. I want to call the attention of the gentlewoman who spoke previously to the fact that we have stricken the expeditor from the bill. The metropolitan expeditor was stricken this afternoon.

I also wanted to relate a message to the gentleman from Florida. He probably does not know that his own State is one of the 22 States which has a very strong metropolitan plan.

Mr. BROCK. I thank the gentleman.

Mr. CRAMER. Mr. Chairman, will the gentleman yield, since I was referred to?

Mr. BROCK. I yield to the gentleman from Florida.

Mr. CRAMER. My district is not a metropolitan area. My district does not want to be. It does not want any part of it. It does not want any part of this bill.

The report of the majority, on page 18, clearly shows that what I said was correct. This is a mandatory program—either conform or get cut off from all these funds. That is what is say on page 18 of the report.

Is that not the gentleman's understanding?

Mr. BROCK. I believe the gentleman is substantially correct.

Mr. BARRETT. I just want to call the attention of the gentleman from Florida to the fact that I know he does not want

his State to be considered one of the backward States. I am only calling his attention to that fact.

Mr. BROCK. I appreciate the gentleman's contribution.

Mr. Chairman, my State has the only other working metropolitan area I know of, in Nashville, Tenn. Just because we have a working metropolitan plan in Nashville does not mean we have a prerogative in this body to impose metropolitan government on every other community in the United States.

In my own community we had metropolitan government proposed and it was defeated 2 to 1. That is the people's choice, not ours.

I believe the step proposed in title II here today is a very dangerous step. I would suggest that Members read this particular section of this bill, because when we talk about a metropolitan planning committee we should note that there is no requirement whatsoever that these people be elected. None whatsoever.

I question whether some of our constituents are going to be very happy if they are included in a metropolitan district in which they represent a minority viewpoint, in which their projects may not be approved by this metropolitan council because it does not happen to suit the whims of larger communities in that same metropolitan district.

I believe this title represents the sum and substance of why we are opposed to this bill. It represents an effort by this administration to impose a new form of government upon our local communities. I believe it is the height of irresponsibility for us to do this without giving the people the right to vote on being included in such a form of government. I do not believe we have the right, either legally or morally, to impose ourselves on every local community in this Nation to this degree.

I hope the amendment will be agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. FINO].

Mr. FINO. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. FINO and Mr. BARRETT.

The Committee divided, and the tellers reported that there were—ayes 63, noes 93.

So the amendment was rejected.

The CHAIRMAN. Are there any further amendments to title II?

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with in its entirety and that it be printed at this point in the Record and be open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The bill is as follows:

TITLE III—FHA INSURANCE OPERATIONS FHA mortgage financing for veterans

SEC. 301. The next to last sentence of section 203(b)(2) of the National Housing Act is amended by striking out "If the mortgagor is a veteran who has not received any direct,

guaranteed, or insured loan under laws administered by the Veterans' Administration for the purchase, construction, or repair of a dwelling (including a farm dwelling) which was to be owned and occupied by him as his home," and inserting in lieu thereof the following: "If the mortgagor is a veteran,".

Cooperative housing insurance fund

SEC. 302. (2) Section 213(m) of the National Housing Act is amended by striking out ", but only in cases where the consent of the mortgagee or lender to the transfer is obtained or a request by the mortgagee or lender for the transfer is received by the Commissioner within such period of time after the date of the enactment of this subsection as the Commissioner shall prescribe".

(b) Section 213(n) of such Act is amended—

(1) by striking out "insured under this section and sections 207, 231, and 232" and inserting in lieu thereof "the insurance of which is the obligation of either the Management Fund or the General Insurance Fund"; and

(2) by adding at the end thereof the following new sentence: "Premium charges on the insurance of mortgages or loans transferred to the Management Fund or insured pursuant to commitments transferred to the Management Fund may be payable in debentures which are the obligation of either the Management Fund or the General Insurance Fund."

(c) (1) The fourth sentence of section 213(k) of such Act is amended to read as follows: "The Secretary is directed to transfer to the Management Fund from the General Insurance Fund an amount equal to the total of the premium payments theretofore made with respect to the insurance of mortgages and loans transferred to the Management Fund pursuant to subsection (m) minus the total of any administrative expenses theretofore incurred in connection with such mortgages and loans, plus such other amounts as the Secretary determines to be necessary and appropriate."

(2) The second proviso in section 213(l) of such Act is amended by striking out "pursuant to subsection (k) or (o)" and inserting in lieu thereof "pursuant to subsection (o)".

Mortgage limits for cooperative housing

SEC. 303. Section 213(b)(2) of the National Housing Act is amended—

(1) by striking out "\$9,000", "\$12,500", "\$15,000", "\$18,500", and "\$21,000" in the matter preceding the first proviso and inserting in lieu thereof "\$11,500", "\$15,000", "\$17,500", "\$21,000", and "\$23,500", respectively; and

(2) by striking out "\$10,500", "\$15,000", "\$18,000", "\$22,500", and "\$25,500" in the first proviso and inserting in lieu thereof "\$13,000", "\$17,500", "\$20,500", "\$25,000", and "\$28,000", respectively.

Supplementary financing for cooperative housing

SEC. 304. Section 213(j)(2)(A) of the National Housing Act is amended by adding at the end thereof the following: "except that, in the case of improvements or additional community facilities, the outstanding indebtedness may be increased by an amount equal to 97 per centum of the amount which the Secretary estimates will be the value of such improvements or facilities, and the new outstanding indebtedness may exceed the original principal obligation of the mortgage if such new outstanding indebtedness does not exceed the limitations imposed by subsection (b);".

Mortgage limits under section 220 sales housing mortgage insurance program

SEC. 305. (a) Section 220(d)(3)(A)(i) of the National Housing Act is amended by striking out "(3) 75 per centum of such replacement cost in excess of \$20,000" and in-

serting in lieu thereof "(3) 80 per centum of such replacement cost in excess of \$20,000".

(b) Section 220(d)(3)(A)(i) of such Act is further amended by adding before the semicolon at the end thereof the following: "Provided further, That if the mortgagor is a veteran and the mortgage to be insured under this section covers property upon which there is located a dwelling designed principally for a one-family residence, the principal obligation may be in an amount equal to the sum of (1) 100 per centum of \$15,000 of the Commissioner's estimate of replacement cost of the property, as of the date the mortgage is accepted for insurance, (2) 90 per centum of such replacement cost in excess of \$15,000 but not in excess of \$20,000, and (3) 85 per centum of such replacement cost in excess of \$20,000. As used herein, the term 'veteran' means any person who served on active duty in the Armed Forces of the United States for a period of not less than ninety days (or is certified by the Secretary of Defense as having performed extra-hazardous service), and who was discharged or released therefrom under conditions other than dishonorable".

Mortgage limits for homes under section 221(d)(2)

SEC. 306. Section 221(d)(2)(A) of the National Housing Act is amended by striking out "\$11,000" and "\$18,000" and inserting in lieu thereof "\$12,500" and "\$20,000", respectively.

Nondwelling facilities in section 221 projects in urban renewal areas

SEC. 307. Section 221(f) of the National Housing Act is amended by inserting before the period at the end of the first sentence the following: "Provided, That in the case of any such property or project located in an urban renewal area, the provisions of section 220(d)(3)(B)(iv) shall apply with respect to the nondwelling facilities which may be included in the mortgage if the mortgagor waives the right to receive dividends on its equity investment in the portion thereof devoted to community and shopping facilities".

Single occupants in section 221(d)(3) housing

SEC. 308. Section 221(f) of the National Housing Act is amended by adding at the end thereof the following new sentence: "Low- and moderate-income persons who are less than 62 years of age shall be eligible for occupancy of dwelling units in a project financed with a mortgage insured under subsection (d)(3), but not more than 10 per centum of the dwelling units in any such project shall be available for occupancy by such persons."

Insurance of mortgages under section 221 to finance purchase and rehabilitation by nonprofit organizations of housing for resale to low-income purchasers

SEC. 309. (a) Section 221 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(h) (1) In addition to mortgages insured under the other provisions of this section, the Secretary is authorized, upon application by the mortgagee, to insure under this subsection as hereinafter provided any mortgage (including advances under such mortgage during rehabilitation) which is executed by a nonprofit organization to finance the purchase and rehabilitation of deteriorating or substandard housing for subsequent resale to low-income home purchasers and, upon such terms and conditions as the Secretary may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

"(2) To be eligible for insurance under paragraph (1) of this subsection, a mortgage shall—

"(A) be executed by a private nonprofit corporation or association approved for pur-

poses of this subsection by the Secretary, for the purpose of financing the purchase of property (comprising one or more tracts or parcels, whether or not contiguous) upon which there is located deteriorating or substandard housing consisting of five or more single-family dwellings of detached, semi-detached, or row construction and of rehabilitating such dwellings with a view to subsequent resale as hereinafter provided;

"(B) be secured by the property which is to be purchased and rehabilitated with the proceeds thereof;

"(C) be in a principal amount not exceeding the appraised value of the property at the time of its purchase under the mortgage plus the estimated cost of the rehabilitation;

"(D) bear interest (exclusive of premium charges for insurance and service charge, if any) at the rate in effect under the proviso in subsection (d) (5) at the time of execution;

"(E) provide for complete amortization (subject to paragraph (5) (E)) by periodic payments within such term as the Secretary may prescribe; and

"(F) provide for the release of individual single-family dwellings from the lien of the mortgage upon the sale of the rehabilitated dwellings in accordance with paragraph (5).

"(3) No mortgage shall be insured under paragraph (1) unless the mortgagor shall have demonstrated to the satisfaction of the Secretary that (A) the property to be rehabilitated is located in a neighborhood which is sufficient stable and contains sufficient public facilities and amenities to support long-term values, or (B) the rehabilitation to be carried out by the mortgagor plus its related activities and the activities of other owners of housing in the neighborhood, together with actions to be taken by public authorities, will be of such scope and quality as to give reasonable promise that a stable environment will be created in the neighborhood.

"(4) The aggregate principal balance of all mortgages insured under paragraph (1) and outstanding at any one time shall not exceed \$20,000,000.

"(5) (A) No mortgage shall be insured under paragraph (1) unless the mortgagor enters into an agreement (in form and substance satisfactory to the Secretary) that it will offer to sell the dwellings involved, upon completion of their rehabilitation, to individuals or families (hereinafter referred to as 'low-income purchasers') determined by the Secretary to have incomes below the maximum amount specified (with respect to the area involved) in section 101(c) (1) of the Housing and Urban Development Act of 1966.

"(B) The Secretary is authorized to insure under this paragraph mortgages executed to finance the sale of individual dwellings to low-income purchasers as provided in subparagraph (A). Any such mortgage shall—

"(i) be in a principal amount equal to that portion of the unpaid balance of the principal mortgage covering the property (insured under paragraph (1)) which is allocable to the individual dwelling involved; and

"(ii) bear interest at the same rate as the principal mortgage, and provide for complete amortization by periodic payments within a term equal to the remaining term (determined without regard to subparagraph (E)) of such principal mortgage.

"(C) The price for which any individual dwelling is sold to a low-income purchaser under this paragraph shall be the amount of the mortgage covering the sale as determined under subparagraph (B), except that the purchaser shall in addition thereto be required to pay on account of the property at the time of purchase such amount (which shall not be less than \$200, but which may be applied in whole or in part toward closing costs) as the Secretary may determine to be

reasonable and appropriate in the circumstances.

"(D) Upon the sale under this paragraph of any individual dwelling, such dwelling shall be released from the lien of the principal mortgage, and such mortgage shall thereupon be replaced by an individual mortgage insured under this paragraph to the extent of the portion of its unpaid balance which is allocable to the dwelling covered by such individual mortgage. Until all of the individual dwellings in the property covered by the principal mortgage have been sold, the mortgagor shall hold and operate the dwellings remaining unsold at any given time as though they constituted rental units in a project covered by a mortgage which is insured under subsection (d) (3) (and which receives the benefits of the interest rate provided for in the proviso in subsection (d) (5)).

"(E) Upon the sale under this paragraph of all of the individual dwellings in the property covered by the principal mortgage, and the release of all individual dwellings from the lien of the principal mortgage, the insurance of the principal mortgage shall be terminated and no adjusted premium charge shall be charged by the Secretary upon such termination.

"(F) Any mortgage insured under this paragraph shall contain a provision that if the low-income mortgagor does not continue to occupy the property the interest rate shall increase to the highest rate permissible under this section and the regulations of the Secretary effective at the time of commitment for insurance of the principal mortgage; except that the increase in interest rate shall not be applicable if the property is sold and the purchaser is (i) the nonprofit organization which executed the principal mortgage, (ii) a public housing agency having jurisdiction under the United States Housing Act of 1937 over the area where the dwelling is located, or (iii) a low-income purchaser approved for the purposes of this paragraph by the Secretary."

(b) (1) Section 221(g) (1) of such Act is amended by inserting after "paragraph (2) of subsection (d) of this section" the following: "or paragraph (5) of subsection (h) of this section".

(2) Section 221(g) (2) of such Act is amended by inserting after "paragraph (3) or (4) of subsection (d) of this section" the following: "or paragraph (1) of subsection (h) of this section".

(c) Section 221(f) of such Act is amended by inserting after "Housing Act of 1961," in the fourth sentence "or which meet the requirements of subsection (h),".

(d) Section 305(h) of such Act is amended by striking out "section 221(d) (3)" and inserting in lieu thereof "sections 221(d) (3) and 221(h)".

Application of Davis-Bacon Act to cooperative housing projects insured under section 221 (d) (3) and (d) (4) and mortgages insured under section 221(h) (1)

SEC. 310. The third sentence of section 212(a) of the National Housing Act is amended by striking out "subsection (d) (3) or (d) (4)." and inserting in lieu thereof "subsection (d) (3) or (d) (4) and (deeming the term 'construction' as used in the first sentence of this subsection to mean rehabilitation) of any mortgage described in subsection (h) (1) which covers property on which there is located a dwelling or dwellings designed principally for residential use for more than eight families; except that compliance with such provisions may be waived by the Secretary—

"(1) with respect to mortgages described in such subsection (d) (3) or (d) (4), in cases or classes of cases where laborers or mechanics (not otherwise employed at any time in the construction of the project) volun-

tarily donate their services without compensation for the purpose of lowering their housing costs in a cooperative housing project and the Secretary determines that any amounts saved thereby are fully credited to the cooperative undertaking the construction, and

"(2) with respect to mortgages described in such subsection (h) (1), in cases or classes of cases where prospective owners of such dwellings voluntarily donate their services without compensation, or other persons (not otherwise employed at any time in the rehabilitation of the property) voluntarily donate their services without compensation, and the Secretary determines that any amounts saved thereby are fully credited to the nonprofit organization undertaking the rehabilitation."

Waiver of deduction on assignment of property to secretary in lieu of foreclosure

SEC. 311. Title V of the National Housing Act is amended by adding at the end thereof the following new section:

"Waiver of deduction on assignment of property to Secretary in lieu of foreclosure

"SEC. 523. Notwithstanding any other provision of this Act, from and after the date of the enactment of the Housing and Urban Development Act of 1966, the Secretary, under such terms and conditions as he may approve, may waive all or a part of the 1 per centum deduction otherwise made from insurance benefits with respect to multifamily housing or land development mortgages assigned to him, where the assignment is made at his request in lieu of foreclosure of the mortgage."

Armed services housing mortgage insurance program

SEC. 312. (a) Section 803(a) of the National Housing Act is amended—

(1) by striking out "\$2,300,000,000" and inserting in lieu thereof "\$3,350,000,000";

(2) by striking out "October 1, 1962" and inserting in lieu thereof "October 1, 1969"; and

(3) by striking out "twenty-eight thousand" and inserting in lieu thereof "eighty-eight thousand".

(b) Section 803(b) of such is amended—

(1) by striking out "\$16,500" each place it appears in paragraph (3) (B) and inserting in lieu thereof "\$17,500"; and

(2) by striking out "4½ per centum" in the sentence following paragraph (3) (C) and inserting in lieu thereof "5½ per centum".

Increase in units insurable under section 810 program

SEC. 313. Section 810(i) of the National Housing Act is amended by striking out "five thousand dwelling units" and inserting in lieu thereof "ten thousand dwelling units".

TITLE IV—LAND DEVELOPMENT AND NEW COMMUNITIES

Mortgage insurance for new communities

SEC. 401. Title X of the National Housing Act is amended by inserting after section 1003 the following new section 1004 and redesignating the remaining sections accordingly:

"New communities

"SEC. 1004. (a) New communities consisting of developments, satisfying all other requirements under this title, may be approved under this section by the Secretary for mortgage insurance if they meet the requirements of subsection (b) of this section.

"(b) A development shall be eligible for approval as a new community if the Secretary determines it will, in view of its size and scope, make a substantial contribution to the sound and economic growth of the area within which it is located in the form of—

"(1) substantial economies, made possible through large-scale development, in the provision of improved residential sites;

"(2) adequate housing to be provided for those who would be employed in the community or the surrounding area;

"(3) maximum accessibility from the new residential sites to industrial or other employment centers and commercial, recreational, and cultural facilities in or near the community; and

"(4) maximum accessibility to any major central city in the area".

Mortgage amount and term

SEC. 402. (a) Section 1002(c) of the National Housing Act is amended by striking out "\$10,000,000" and inserting in lieu thereof "\$25,000,000".

(b) Section 1002(d)(1) of such Act is amended to read as follows:

"(1) contain repayment provisions satisfactory to the Secretary and have a maturity not to exceed seven years, or such longer maturity as the Secretary deems reasonable (A) in the case of a privately owned system for water or sewerage, and (B) in the case of a new community approved under section 1004;"

Encouragement of small builders

SEC. 403. The section of the National Housing Act redesignated as section 1005 by section 401 of this Act is amended by inserting "particularly small builders," after "broad participation by builders,".

Water and sewerage facilities

SEC. 404. The section of the National Housing Act redesignated as section 1006 by section 401 of this Act is amended to read as follows:

"Water and sewerage facilities"

"SEC. 1006. After development of the land it shall be served by public systems for water and sewerage which are consistent with other existing or prospective systems within the area, except that—

"(a) in the case of systems for water, the land may be served by privately or cooperatively owned systems which are consistent with other existing or prospective systems within the area; are approved as adequate by the Secretary; and are regulated in a manner acceptable to him with respect to user rates and charges, capital structure, methods of operation, rate of return, and conditions and terms of any sale or transfer; and

"(b) in the case of systems for sewage, the land may be served by—

"(1) existing privately or cooperatively owned systems (including reasonable extensions thereto) which are approved as adequate by the Secretary and are regulated in a manner acceptable to him; or

"(2) if it is necessary to develop a new system and the Secretary determines that public ownership of such a system is not feasible, an adequate privately or cooperatively owned new system (A) which he finds consistent with other existing or prospective systems within the area, (B) which will be regulated, during the period of such ownership, in a manner acceptable to him with respect to user rates and charges, capital structure, methods of operation, and rate of return, and (C) regarding which he receives assurances, satisfactory to him, with respect to eventual public ownership and operation of the system and with respect to the conditions and terms of any sale or transfer."

Federal National Mortgage Association special assistance for new communities

SEC. 405. Section 302(b) of the National Housing Act is amended by inserting after "or title VIII," in the proviso the following: "or under title X with respect to a new community approved under section 1004 thereof."

Urban planning grants

SEC. 406. Section 701(a)(4) of the Housing Act of 1954 is amended by inserting before the semicolon at the end thereof the following: "or for areas where rapid urbanization is expected to result on land developed or to be developed as a new community approved under section 1004 of the National Housing Act".

Public facility loans

SEC. 407. Section 202(b)(4) of the Housing Amendments of 1955 is amended by adding before the period at the end of the second sentence the following: "or (iii) to be provided in connection with the establishment of a new community approved under section 1004 of the National Housing Act".

TITLE V—MORTGAGE INSURANCE FOR GROUP PRACTICE FACILITIES

Purpose

SEC. 501. It is the purpose of this title to assure the availability of credit on reasonable terms to units or organizations engaged in the group practice of medicine, optometry, or dentistry, particularly those in smaller communities, to assist in financing the construction and equipment of group practice facilities.

Establishment of program

SEC. 502. (a) The National Housing Act is amended by adding at the end thereof the following new title:

"TITLE XI—MORTGAGE INSURANCE FOR GROUP PRACTICE FACILITIES"

"Insurance of mortgages"

"SEC. 1101. (a) The Secretary is authorized (1) to insure mortgages (including advances on such mortgages during construction), upon such terms and conditions as he may prescribe, in accordance with the provisions of this title, and (2) to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon. No mortgage shall be insured under this title after October 1, 1969, except pursuant to a commitment to insure issued before that date.

"(b) To be eligible for insurance under this title, the mortgage shall (1) be executed by a mortgagor that is a group practice unit or organization, approved by the Secretary, (2) be made to and held by a mortgagee approved by the Secretary as responsible and able to service the mortgage properly, and (3) cover a property or project which is approved for mortgage insurance prior to the beginning of construction or rehabilitation and is designed for use as a group practice facility which the Secretary finds will be constructed in an economical manner, will not be of elaborate or extravagant design or materials, and will be adequate and suitable for carrying out the purposes of this title. No mortgage shall be insured under this title unless it is shown to the satisfaction of the Secretary that the applicant would be unable to obtain the mortgage loan without such insurance on terms comparable to those specified in subsection (c).

"(c) The mortgage shall—

"(1) not exceed \$5,000,000;

"(2) not exceed 90 per centum of the amount which the Secretary estimates will be the value of the property or project when construction or rehabilitation is completed. The value of the property may include the land and the proposed physical improvements, equipment, utilities within the boundaries of the property, architects' fees, taxes, and interest accruing during construction or rehabilitation, and other miscellaneous charges incident to construction or rehabilitation and approved by the Secretary;

"(3) have a maturity satisfactory to the Secretary but not to exceed twenty-five years, and provide for complete amortization of the principal obligation by periodic payments

within such term as the Secretary shall prescribe; and

"(4) bear interest (exclusive of premium charges for insurance, and service charges if any) at a rate of not to exceed 5 per centum per annum of the amount of the principal obligation outstanding at any time, or not to exceed such rate (not in excess of 6 per centum per annum) as the Secretary finds necessary to meet the mortgage market.

"(d) Any contract of insurance executed by the Secretary under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract for insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

"(e) Each mortgage insured under this title shall contain an undertaking (in accordance with regulations prescribed under this title and in force at the time the mortgage is approved for insurance) to the effect that, except as authorized by the Secretary and the mortgagee, the property will be used as a group practice facility until the mortgage has been paid in full or the contract of insurance otherwise terminated.

"(f) No mortgage shall be insured under this title unless the mortgagor and the mortgagee certify (1) that they will keep such records relating to the mortgage transaction and indebtedness, to the construction of the facility covered by the mortgage, and to the use of such facility as a group practice facility as are prescribed by the Secretary at the time of such certification, (2) that they will make such reports as may from time to time be required by the Secretary pertaining to such matters, and (3) that the Secretary shall have access to and the right to examine and audit such records.

"Premiums"

"SEC. 1102. The Secretary shall fix premium charges for the insurance of mortgages under this title, but such charges shall not be more than 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. In addition to the premium charge, the Secretary is authorized to charge and collect such amounts as he may deem reasonable for the analysis of a proposed project and the appraisal and inspection of the property and improvements. Where the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the Secretary is authorized to require the payment by the mortgagee of an adjusted premium charge. This charge shall be in such amount as the Secretary determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured until the maturity date. Where such prepayment occurs, the Secretary is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid. Premium charges fixed under this section shall be payable by the mortgagee either in cash, or in debentures which are the obligation of the General Insurance Fund at par plus accrued interest, at such times and in such manner as may be prescribed by the Secretary.

"Payment of insurance benefits"

"SEC. 1103. The mortgagee shall be entitled to receive the benefits of the insurance under this title in the manner provided in subsection (g) of section 207 with respect to mortgages insured under that section. For such purpose the provisions of subsections (g), (h), (i), (j), (k), (l), and

(n) of section 207 shall apply to mortgages insured under this title and all references in such subsections to section 207 shall be deemed to refer to this title.

"Regulations"

"SEC. 1104. The Secretary shall prescribe such regulations as may be necessary to carry out this title, after consulting with the Secretary of Health, Education, and Welfare with respect to any health or medical aspects of the program under this title which may be involved in such regulations.

"Administration"

"SEC. 1105. (a) At the request of individuals or organizations operating or contemplating the operation of group practice facilities (as defined in section 1106(1)), the Secretary may provide or obtain technical assistance in the planning for and construction of such facilities.

"(b) With a view to avoiding unnecessary duplication of existing staffs and facilities of the Federal Government, the Secretary is authorized to utilize available services and facilities of any agency of the Federal Government in carrying out the provisions of this title, and to pay for such services and facilities, either in advance or by way of reimbursement, in accordance with an agreement between the Secretary and the head of such agency.

"Definitions"

"SEC. 1106. For the purposes of this title—

"(1) The term 'group practice facility' means a facility in a State for the provision of preventive, diagnostic, and treatment services to ambulatory patients (in which patient care is under the professional supervision of persons licensed to practice medicine or surgery in the State or, in the case of optometric care or treatment, is under the professional supervision of persons licensed to practice optometry in the State, or, in the case of dental diagnosis or treatment, is under the professional supervision of persons licensed to practice dentistry in the State) and which is primarily for the provision of such health services by a medical or dental group.

"(2) The term 'medical or dental group' means a partnership or other association or group of persons licensed to practice medicine or surgery in the State, or of persons licensed to practice optometry in the State, or of persons licensed to practice dentistry in the State, or of any combination of such persons, who, as their principal professional activity and as a group responsibility, engage or undertake to engage in the coordinated practice of their profession primarily in one or more group practice facilities, and who (in this connection) share common overhead expenses (if and to the extent such expenses are paid by members of the group), medical and other records, and substantial portions of the equipment and the professional, technical, and administrative staffs, and which partnership or association or group is composed of at least such professional personnel and makes available at least such health services as may be provided in regulations prescribed under this title.

"(3) The term 'group practice unit or organization' means—

"(A) a private nonprofit agency or organization undertaking to provide, directly or through arrangements with a medical or dental group, comprehensive medical care, optometric care, or dental care, or any combination thereof, which may include hospitalization, to members or subscribers primarily on a group practice prepayments basis;

"(B) a private nonprofit agency or organization established for the purpose of improving the availability of medical, optometric, or dental care in the community or having some function or functions related to the provision of such care, which will, through lease or other arrangement, make the group practice facility with respect to

which assistance has been requested under this title available to a medical or dental group for use by it; or

"(C) a medical or dental group.

"(4) The term 'nonprofit organization' means a corporation, association, foundation, trust, or other organization no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual except, in the case of an organization the purposes of which include the provision of personal health services to its members or subscribers or their dependents under a plan of such organization for the provision of such services to them (which plan may include the provision of other services or insurance benefits to them), through the provision of such health services (or such other services or insurance benefits) to such members or subscribers or dependents under such plan.

"(5) The term 'State' includes the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the District of Columbia.

"(6) The term 'mortgage' means a first mortgage on real estate in fee simple, or on the interest of either the lessor or lessee thereof (A) under a lease for not less than ninety-nine years which is renewable, or (B) under a lease having a period of not less than fifty years to run from the date the mortgage was executed. The term 'first mortgage' means such classes of first liens as are commonly given to secure advances (including but not limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and any mortgage may be in the form of one or more trust mortgages or mortgage indentures or deeds of trust, securing notes, bonds, or other credit instruments, and, by the same instrument or by a separate instrument, may create a security interest in initial equipment, whether or not attached to the realty.

"(7) The term 'mortgagee' means the original lender under a mortgage, and his or its successors and assigns, and includes the holders of credit instruments issued under a trust mortgage or deed of trust pursuant to which such holders act by and through a trustee named therein.

"(8) The term 'mortgagor' means the original borrower under a mortgage and his or its successors and assigns."

(b) The first sentence of section 227 of such Act is amended by inserting after "new or rehabilitated multifamily housing" the following: "or a property or project described in title XI".

Labor standards

SEC. 503. Section 212(a) of the National Housing Act is amended by adding at the end thereof the following new sentence: "The provisions of this section shall also apply to the insurance of any mortgage under title XI; and each laborer or mechanic employed on any facility covered by a mortgage insured under such title shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be."

Amendments to other Federal laws

SEC. 504. (a) (1) The sixth sentence of paragraph "Seventh" of section 5136 of the Revised Statutes, as amended (12 U.S.C. 24), is amended by inserting after "Federal Home Loan Banks," the following: "or obligations which are insured by the Secretary of Housing and Urban Development under title XI of the National Housing Act".

(2) The third sentence of the first paragraph of section 24 of the Federal Reserve Act, as amended (12 U.S.C. 371), is amended by inserting after "or sections 1471-1484 of title 42," the following: "or which are in-

sured by the Secretary of Housing and Urban Development pursuant to title XI of the National Housing Act."

(b) Subsection (a) of section 304 of the Trust Indenture Act of 1939 (15 U.S.C. 77ddd) is amended by striking out the word "or" at the end of paragraph (8); by striking out the period at the end of paragraph (9) and inserting in lieu thereof a semicolon and the word "or"; and by adding after paragraph (9) a new paragraph as follows:

"(10) any security issued under a mortgage or trust deed indenture as to which a contract of insurance under title XI of the National Housing Act is in effect; and any such security shall be deemed to be exempt from the provisions of the Securities Act of 1933 to the same extent as though such security were specifically enumerated in section 3(a)(2), as amended, of the Securities Act of 1933 (15 U.S.C. 77c(a)(2))."

(c) Section 263 of chapter X of the Bankruptcy Act (11 U.S.C. 663) is amended by adding at the end thereof the following: "Nothing contained in this chapter shall be deemed to affect or apply to the creditors of any corporation under a mortgage insured pursuant to title XI of the National Housing Act."

TITLE VI—PRESERVATION OF HISTORIC STRUCTURES

Preservation of historic structures as part of urban renewal projects

SEC. 601. (a) Section 110(b) of the Housing Act of 1949 is amended by inserting "historic and architectural preservation," after "land acquisition."

(b) Section 110(c)(6) of such Act is amended by inserting "to promote historic and architectural preservation," after "deterioration."

(c) Section 110(c) of such Act is further amended by striking out "and" at the end of clause (8), and by striking out clause (9) and inserting in lieu thereof the following:

"(9) relocation within or outside the project area of structures which will be restored and maintained for architectural or historic purposes; and

"(10) restoration of acquired properties of historic or architectural value."

Local grant-in-aid credit for relocation and restoration of historic structures

SEC. 602. Clause (2) of section 110(d) of the Housing Act of 1949 is amended by striking out "clause (2) and clause (3)" and inserting in lieu thereof "clauses (2), (3), (9), and (10)".

Grants to national trust for historic preservation to cover restoration costs

SEC. 603. (a) The Secretary of Housing and Urban Development is authorized to make grants to the National Trust for Historic Preservation, on such terms and conditions and in such amounts (not exceeding \$90,000 with respect to any one structure) as he deems appropriate, to cover the costs incurred by such Trust in renovating or restoring structures which it considers to be of historic or architectural value and which it has accepted and will maintain (after such renovation or restoration) for historic purposes.

(b) There are authorized to be appropriated such sums as may be necessary for the grants to be made under subsection (a).

Urban planning grants for surveys of historic structures

SEC. 604. Section 701 of the Housing Act of 1954 is amended by adding at the end thereof the following new subsection:

"(h) In addition to the other grants authorized by this section, the Secretary is authorized to make grants to assist any city, other municipality, or county in making a survey of the structures and sites in such locality which are determined by its appropriate authorities to be of historic or architectural value. Any such survey shall be designed to identify the historic struc-

tures and sites in the locality, determine the cost of their rehabilitation or restoration, and provide such other information as may be necessary or appropriate to serve as a foundation for a balanced and effective program of historic preservation in such locality. The aspects of any such survey which relate to the identification of historic and architectural values shall be conducted in accordance with criteria found by the Secretary to be comparable to those used in establishing the National Register maintained by the Secretary of the Interior under other provisions of law; and the results of each such survey shall be made available to the Secretary of the Interior. A grant under this subsection shall not exceed two-thirds of the cost of the survey for which it is made, and shall be made to the appropriate agency or entity specified in paragraphs (1) through (9) of subsection (a) or, if there is no such agency or entity which is qualified and willing to receive the grant and provide for its utilization in accordance with this subsection, directly to the city, other municipality, or county involved."

Loans for acquisition and rehabilitation of historic structures

SEC. 605. (a) Section 312(a) of the Housing Act of 1964 is amended by inserting "(1)" after "(a)", by striking out the second sentence, and by adding at the end thereof the following new paragraphs:

"(2) To assist in the preservation of historic structures both within and outside of urban renewal areas, the Secretary is also authorized under this section to make loans to the owners or tenants of structures which are determined in accordance with regulations prescribed by him to be of historic or architectural value to finance the rehabilitation or restoration of such structures, and to make loans to other persons to finance the acquisition and rehabilitation or restoration by them of structures which are determined in accordance with such regulations to be of historic or architectural value.

"(3) No loan shall be made under this section unless the Secretary finds (A) that the applicant is unable to secure the necessary funds from other sources upon comparable terms and conditions, and (B) the loan is an acceptable risk, taking into consideration the security available for the loan, the ability of the applicant to repay the loan, and the need for the rehabilitation or restoration involved.

"(4) Nothing in this section shall prevent a person from receiving a loan under this section with respect to property in connection with which he receives a grant under section 115 of the Housing Act of 1949, if and to the extent that such person is otherwise eligible to receive such loan under this section."

(b) (1) The heading of section 312 of such Act is amended to read as follows:

"Loans for rehabilitation or historic preservation"

(2) Section 312(b)(1) of such Act is amended by striking out "or the urban renewal plan" and inserting in lieu thereof "or the urban renewal plan if any,".

(3) Section 312(b)(3) of such Act is amended by striking out "rehabilitation loan" and inserting in lieu thereof "loan".

(4) So much of section 312(c) of such Act as precedes paragraph (1) thereof as amended by striking out "rehabilitation loan" and inserting in lieu thereof "loan".

(5) Section 312(c)(4) of such Act is amended by striking out "the cost of rehabilitation" in subparagraphs (A) and (B) and inserting in lieu thereof in each instance "the cost of the rehabilitation, restoration, or acquisition and restoration".

Grants for historic preservation

SEC. 606. (a) The heading of title VII of the Housing Act of 1961 is amended to read as follows:

"TITLE VII—OPEN-SPACE LAND, URBAN BEAUTIFICATION, AND HISTORIC PRESERVATION"

(b) Section 701 of such Act, is amended by redesignating subsection (c) as subsection (d), and by inserting after subsection (b) a new subsection as follows:

"(c) The Congress further finds that there is a need for timely action to preserve and restore areas, sites, and structures of historic or architectural value in order that these remaining evidences of our past history and heritage shall not be lost or destroyed through the expansion and development of the Nation's urban areas."

(c) Section 701(d) of such Act (as redesignated by subsection (b) of this section) is amended—

(1) by inserting after "urban development," the following: "to assist in preserving areas and properties of historic or architectural value,"; and

(2) by striking out "and (2)" and inserting in lieu thereof "(2) acquire, improve, and restore areas, sites, and structures of historic or architectural value, and (3)".

(d) Section 702(e) of such Act is amended to read as follows:

"(e) The Secretary shall consult with the Secretary of the Interior on the general policies to be followed in reviewing applications for grants under this title. To assist the Secretary in such review, the Secretary of the Interior shall furnish him (1) appropriate information on the status of national and statewide recreation and historic preservation planning as it affects the areas to be assisted with such grants, and (2) the current listing of any districts, sites, buildings, structures, and objects significant in American history, architecture, archeology, and culture which may be contained on a National Register maintained by the Secretary of the Interior pursuant to other provisions of law. The Secretary shall provide current information to the Secretary of the Interior from time to time on significant program developments."

(e) Section 706 of such Act is amended by striking out the proviso.

(f) Section 708 of such Act is amended by inserting "(a)" after "SEC. 708", by inserting "(b)" before "The" in the second paragraph, and by adding at the end thereof a new subsection as follows:

"(c) Notwithstanding any other provision of this title, the Secretary may use not to exceed \$10,000,000 of the sum authorized for contracts under this title for the purpose of entering into contracts to make grants in amounts not to exceed 90 per centum of the cost of activities which he determines have special value in developing and demonstrating new and improved methods and materials for use in carrying out the purposes of this title."

(g) Title VII of such Act is amended by redesignating section 709 as section 710, and by adding after section 708 a new section as follows:

"Grants for historic preservation"

"SEC. 709. The Secretary is authorized to enter into contracts to make grants to States and local public bodies to assist in the acquisition of title to or other permanent interests in areas, sites, and structures of historic or architectural value in urban areas, and in their restoration and improvement for public use and benefit in accord with the comprehensively planned development of the locality. The amount of any such grant shall not exceed 50 per centum of the total cost, as approved by the Secretary, of the assisted activities. The remainder of such cost shall be provided from non-Federal sources.

(h) Commencing three years after the date of the enactment of this Act, no grant shall be made (except pursuant to a contract or commitment entered into less than three years after such date) under section 709 of the Housing Act of 1961 or section 701(h) of the Housing Act of 1954, or under section 103 of the Housing Act of 1949 to the extent that it is to be used for historic or architectural preservation, except with respect to districts, sites, buildings, structures, and objects which the Secretary of Housing and Urban Development finds meet criteria comparable to those used in establishing the National Register maintained by the Secretary of the Interior pursuant to other provisions of law.

TITLE VII—URBAN RENEWAL

Local grants-in-aid

SEC. 701. Section 110(d) of the Housing Act of 1949 is amended by inserting immediately after the colon at the end of the first proviso the following: "Provided further, That any publicly owned facility, the construction of which was begun not earlier than three years prior to the date of enactment of the Demonstration Cities and Metropolitan Development Act of 1966, shall be deemed to benefit an urban renewal project or projects to the extent of 25 per centum of the total benefits of such facility, if such facility (A) is used, or is to be used, by the public predominantly for cultural, exhibition, civic, or municipal purposes; (B) is located within, adjacent to, or in the immediate vicinity of such urban renewal project or projects; (C) is found to contribute materially to the objectives of the urban renewal plan or plans for such project or projects; and (D) is not otherwise eligible as a local grant-in-aid:".

Air rights sites in urban renewal projects

SEC. 702. (a) Section 110(c)(1) of the Housing Act of 1949 is amended by inserting in clause (iv), between the word "income" and the colon immediately preceding the first proviso, the following: "or, if the area is found by the local public agency to be unsuitable for use for low or moderate income housing, for use for industrial development".

(b) Section 110(c)(7) of such Act is amended by inserting immediately before the semicolon the following: "or construction of foundations and platforms necessary for the provision of air rights sites for industrial development".

Application of Davis-Bacon Act to multifamily housing construction in urban renewal areas

SEC. 703. Section 105 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

"(f) All laborers and mechanics employed by contractors or subcontractors in the construction of any multifamily housing (as defined for purposes of this subsection by the Secretary of Housing and Urban Development or his designee) which may be involved in the redevelopment of the urban renewal area, and which is not subject to the provisions of section 212 of the National Housing Act or to other provisions of Federal law imposing similar standards, will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). No contract for loan or capital grant shall be entered into under this title with respect to an urban renewal area whose redevelopment will involve the construction of such housing without first obtaining adequate assurance that the labor standards imposed by the preceding sentence (or, in the case of housing which is subject to the provisions of section 212 of the National Housing Act or to other provisions of Federal law imposing similar standards, the labor standards imposed by

such provisions) will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this subsection, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c)."

TITLE VIII—RURAL HOUSING

SEC. 801. Section 501(a) of the Housing Act of 1949 is amended by striking out "previously occupied" wherever it appears.

SEC. 802. Section 502(a) of the Housing Act of 1949 is amended by striking out "In cases of applicants who are elderly persons, the" and inserting in lieu thereof "The".

SEC. 803. Section 504 of the Housing Act of 1949 is amended by striking out "\$1,000" and inserting in lieu thereof "\$1,500".

SEC. 804. (a) Section 515(a) of the Housing Act of 1949 is amended by inserting after "income" the following: "or other persons and families of low income".

(b) Section 515(d)(1) of such Act is amended by striking out "elderly persons or elderly families" and inserting in lieu thereof "occupants eligible under this section".

SEC. 805. (a) Subsections (a) and (b) of section 515 of the Housing Act of 1949 are each amended by striking out "rental housing" and inserting in lieu thereof "rental or cooperative housing".

(b) Section 515(b) of such Act is amended by inserting after "families" the following: "or other persons and families of moderate income".

(c) Section 515(d)(4) of such Act is amended by adding at the end thereof the following: "Such fees and charges may include payments to qualified consulting organizations or foundations which operate on a nonprofit basis and which render services or assistance to nonprofit corporations or consumer cooperatives who provide housing and related facilities."

SEC. 806. Section 517(a)(1) of the Housing Act of 1949 is amended—

(1) by inserting "and" before "(B)"; and

(2) by striking out ", and (C)" and all that follows and inserting in lieu thereof the following: "; but no loan under this paragraph shall be insured or made after October 1, 1969, except pursuant to a commitment entered into before that date; and".

TITLE IX—MISCELLANEOUS

Housing for the elderly or handicapped

SEC. 901. Section 105(b) of the Housing and Urban Development Act of 1965 as amended—

(1) by inserting "(1)" after "(b)";

(2) by striking out "Effective with respect to loans made on or after the date of the enactment of this Act, section" and inserting in lieu thereof "Section"; and

(3) by adding at the end thereof a new paragraph as follows:

"(2) The interest rate provided by the amendment made in paragraph (1) shall be applicable (A) with respect to any loan made on or after August 10, 1965, and (B) with respect to any loan made prior to such date if construction of the housing or related facilities to be assisted by such loan was not commenced prior to such date, and not completed prior to the filing of an application for the benefits of such interest rate."

Low-rent housing in private accommodations for displaced families—term of lease

SEC. 902. Section 23(d) of the United States Housing Act of 1937 is amended by inserting after "thirty-six months" the following: "(except that it may be for a term of up to sixty months in any case in which the public housing agency determines that the housing to be leased thereunder is needed for displaced families)".

Application of Davis-Bacon Act to low-rent housing projects consisting of privately built housing

SEC. 903. Section 16(2) of the United States Housing Act of 1937 is amended by inserting after "the development of the project involved" the following: "(including a project for the use of privately built housing in any case, other than under the authority of section 23 of this Act, where the public housing agency and the builder or sponsor enter into an agreement for such use before construction or rehabilitation is commenced), and that each such laborer or mechanic shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be".

Assistance for housing in Alaska

SEC. 904. (a) The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to make loans and grants to the State of Alaska, or any duly authorized agency or instrumentality thereof, in accordance with a statewide program prepared by such State, agency, or instrumentality, and approved by the Secretary, to assist in the provision of housing and related facilities for Alaska natives and other Alaska residents who are otherwise unable to finance such housing and related facilities upon terms and conditions which they can afford. The program shall (1) specify the minimum and maximum standards for such housing and related facilities (not to exceed an average of \$7,500 per dwelling unit); (2) to the extent feasible, encourage the proposed users of such housing and related facilities to utilize mutual and self-help in the construction thereof; and (3) provide experience, and encourage continued participation, in self-government and individual home ownership.

(b) Grants under this section shall not exceed 75 per centum of the aggregate cost of the housing and related facilities to be constructed under an approved program.

(c) There is authorized to be appropriated not to exceed \$10,000,000 to carry out the purposes of this section.

Federal National Mortgage Association participation in Federal Housing Administration-insured construction financing

SEC. 905. Section 305 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(i) In any case where the Association makes a commitment to purchase under this section (1) a mortgage insured under section 213, or (2) a mortgage insured under section 221(d)(3) and executed by a cooperative (including an investor-sponsor), a private nonprofit corporation or association, or a mortgagor qualified under section 221(e), such commitment may provide for participation by the Association in the making of insured advances on the mortgage during construction. Such participation shall be limited to 95 per centum of the amount of each of the advances involved, and the mortgagee providing the balance of such amount shall perform all necessary servicing and processing of such advances until the final insurance endorsement of the mortgage. The Secretary of Housing and Urban Development shall approve the reasonableness of the fee to be paid a participating mortgagee, taking into account its services and the extent of its participation in the advances."

Federal National Mortgage Association standby commitments

SEC. 906. Section 304(a)(1) of the National Housing Act is amended by striking out the last sentence.

Planning grants for research on State statutes affecting local governments

SEC. 907. Section 701(b) of the Housing Act of 1954 is amended by inserting before the period at the end thereof the following:

"and for grants to assist in the conduct of studies and research relating to needed revisions in State statutes which create, govern, or control local governments and local governmental operations".

Public facility loans

SEC. 908. Section 202 of the Housing Amendments of 1955 is amended by adding at the end thereof a new subsection as follows:

"(f) The restrictions and limitations set forth in subsection (c) of this section shall not apply to assistance to municipalities, other political subdivisions and instrumentalities of one or more States, and Indian tribes, for specific projects for cultural centers, including but not limited to, museums, art centers and galleries, and theaters and other physical facilities for the performing arts, which would be of cultural, educational, and informational value to the communities and areas where the centers would be located."

Use of open-space grants for development of existing open-space land

SEC. 909. (a) Section 701(b) of the Housing Act of 1961 is amended by inserting ", for the development and redevelopment of existing parks and other open space," after "the Nation's urban areas".

(b)(1) The first sentence of section 702(a) of such Act is amended by inserting before the period at the end thereof the following: ", or the development or redevelopment, for open-space uses, of existing open-space land".

(2) The second sentence of section 702(a) of such Act is amended by inserting before the period at the end thereof the following: "or such development or redevelopment".

Applying advances in technology to housing and urban development

SEC. 910. (a) To encourage and assist the housing industry to continue to reduce the cost and improve the quality of housing by the application to home construction of advances in technology, and to encourage and assist the application of advances in technology to urban development activities, the Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is directed to—

(1) conduct research and studies to test and demonstrate new and improved techniques and methods of applying advances in technology to housing construction, rehabilitation, and maintenance, and to urban development activities; and

(2) encourage and promote the acceptance and application of new and improved techniques and methods of constructing, rehabilitating, and maintaining housing, and the application of advances in technology to urban development activities, by all segments of the housing industry, communities, industries engaged in urban development activities, and the general public.

(b) Research and studies conducted under this section shall be designed to test and demonstrate the applicability to housing construction, rehabilitation, and maintenance, and urban development activities, of advances in technology relating to (1) design concepts, (2) construction and rehabilitation methods, (3) manufacturing processes, (4) materials and products, and (5) building components.

(c) The Secretary is authorized to carry out the research and studies authorized by this section either directly or by contract with public or private bodies or agencies, or by working agreement with departments and agencies of the Federal Government, as he may determine to be desirable. Contracts may be made by the Secretary for research and studies authorized by this section for work to continue not more than two years from the date of any such contract.

(d) There are authorized to be appropriated to carry out the provisions of this

section not to exceed \$5,000,000 for the fiscal year ending June 30, 1967, and not to exceed \$10,000,000 for the fiscal year ending June 30, 1968. All funds so appropriated shall remain available until expended.

(e) Nothing contained in this section shall limit any authority of the Secretary under title III of the Housing Act of 1948, section 602 of the Housing Act of 1956, or any other provision of law.

Urban environmental studies

SEC. 911. (a) The Congress finds that, with the ever-increasing concentration of the Nation's population in urban centers, there has occurred a marked change in the environmental conditions under which most people live and work; that such change is characterized by the progressive substitution of a highly complex, man-contrived environment for an environment conditioned primarily by nature; that the beneficent or malignant influence of environment on all living creatures is well recognized; and that much more knowledge is urgently needed concerning the effect on human beings of highly urbanized surroundings. It is the purpose of this section to authorize a comprehensive program of research, studies, surveys, and analyses to improve understanding of the environmental conditions necessary for the well-being of an urban society, and for the intelligent planning and development of viable urban centers.

(b) In order to carry out the purpose of this section, the Secretary is authorized and directed to—

(1) conduct studies, surveys, research, and analyses with respect to the ecological factors involved in urban living;

(2) document and define urban environmental factors which need to be controlled or eliminated for the well-being of urban life;

(3) establish a system of collecting and receiving information and data on urban ecological research and evaluations which are in process or are being planned by public or private agencies, or individuals;

(4) evaluate and disseminate information pertaining to urban ecology to public and private agencies or organizations, or individuals, in the form of reports or otherwise;

(5) initiate and utilize urban ecological information in urban development projects initiated or assisted by the Department of Housing and Urban Development; and

(6) establish through interagency consultation the coordinated utilization of urban ecological information in projects undertaken or assisted by the Federal Government which affect the growth or development of urban areas.

(c) (1) The Secretary is authorized to establish such advisory committees as he deems desirable for the purpose of rendering advice and submitting recommendations for carrying out the purpose of this section. Such advisory committees shall render such advice to the Secretary upon his request and may submit such recommendations to the Secretary at any time on their own initiative. The Secretary may designate employees of the Department of Housing and Urban Development to assist such committees.

(2) Members of such advisory committees shall receive not to exceed \$100 per day when engaged in the actual performance of their duties, in addition to reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties.

(d) The Secretary is authorized to carry out the studies, surveys, research, and analyses authorized by this section either directly or by contract with public or private bodies or agencies, or by working agreement with departments and agencies of the Federal Government, as he may determine to be desirable. Contracts may be made by the Secretary for work under this subsection to

continue not more than two years from the date of any such contract.

(e) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section. All funds so appropriated shall remain available until expended when so provided in appropriation Acts.

Mortgage relief for certain homeowners

SEC. 912. That part of section 107 of the Housing and Urban Development Act of 1965 which precedes subsection (f) is amended to read as follows:

"Mortgage relief for certain homeowners"

"SEC. 107. (a) For the purposes of this section—

"(1) The term 'mortgage' means a mortgage which (A) is insured under the National Housing Act, or (B) secures a home loan guaranteed or insured under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code.

"(2) The term 'Federal mortgage agency' means—

"(A) the Secretary of Housing and Urban Development when used in connection with mortgages insured under the National Housing Act, and

"(B) the Administrator of Veterans' Affairs when used in connection with mortgages securing home loans guaranteed or insured under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code.

"(3) The term 'distressed mortgagor' means an individual who—

"(A) was employed by the Federal Government at, or was assigned as a serviceman to, a military base or other Federal installation and whose employment or service at such base or installation was terminated subsequent to November 1, 1964, as the result of the closing (in whole or in part) of such base or installation; and

"(B) is the owner-occupant of a dwelling situated at or near such base or installation and upon which there is a mortgage securing a loan which is in default because of the inability of such individual to make payments due under such mortgage.

"(b) (1) Any distressed mortgagor, for the purpose of avoiding foreclosure of his mortgage, may apply to the appropriate Federal mortgage agency for a determination that suspension of his obligation to make payments due under such mortgage during a temporary period is necessary in order to avoid such foreclosure.

"(2) Upon receipt of an application made under this subsection by a distressed mortgagor, the Federal mortgage agency shall issue to such mortgagor a certificate of moratorium if it determines, after consultation with the interested mortgagee, that such action is necessary to avoid foreclosure.

"(3) Prior to the issuance to any distressed mortgagor of a certificate of moratorium under paragraph (2), the Federal mortgage agency, the mortgagor, and the mortgagee shall enter into a binding agreement under which—

"(A) the mortgagor will be required to make payments to such agency, after the expiration of such certificate, in an aggregate amount equal to the amount paid by such agency on behalf of such mortgagor as provided in subsection (c), together with interest thereon at a rate not to exceed the rate provided in the mortgage; the manner and time in which such payments shall be made to be determined by the Federal mortgage agency having due regard for the purposes sought to be achieved by this section; and

"(B) the Federal mortgage agency will be subrogated to the rights of the mortgagee to the extent of payments made pursuant to such certificate, which rights, however, shall be subject to the prior right of the mortgagee to receive the full amount payable under the mortgage.

"(4) Any certificate of moratorium issued under this subsection shall expire on whichever of the following dates is the earliest—

"(A) two years from the date on which such certificate was issued;

"(B) thirty days after the date on which the mortgagor gives notice in writing to the Federal mortgage agency that he is able to resume his obligation to make payments due under his mortgage; or

"(C) thirty days after the date on which the Federal mortgage agency determines that the mortgagor to whom such certificate was issued has ceased to be a distressed mortgagor as defined in subsection (a) (3).

"(c) (1) Whenever a Federal mortgage agency issues a certificate of moratorium to any distressed mortgagor with respect to any mortgage, it shall transmit to the mortgagee a copy of such certificate, together with a notice stating that, while such certificate is in effect, such agency will assume the obligation of such mortgagor to make payments due under the mortgage.

"(2) Payments made by any Federal mortgage agency pursuant to a certificate of moratorium issued under this section with respect to the mortgage of any distressed mortgagor may include, in addition to the payments referred to in paragraph (1), an amount equal to the unpaid payments under such mortgage prior to the issuance of such certificate, plus a reasonable allowance for foreclosure costs actually paid by the mortgagee if a foreclosure action was dismissed as a result of the issuance of a moratorium certificate. Payments by the Federal mortgage agency may also include payments of taxes and insurance premiums on the mortgaged property as deemed necessary when these items are not provided for through payments to a tax and insurance account held by the interested mortgagee.

"(3) While any certificate of moratorium issued under this section is in effect with respect to the mortgage of any distressed mortgagor, no further payments due under the mortgage shall be required of such mortgagor, and no action (legal or otherwise) shall be taken or maintained by the mortgagee to enforce or collect such payments. Upon the expiration of such certificate, the mortgagor shall again be liable for the payment of all amounts due under the mortgage in accordance with its terms.

"(4) Each Federal mortgage agency shall give prompt notice in writing to the interested mortgagor and mortgagee of the expiration of any certificate of moratorium issued by it under this section.

"(d) The Federal mortgage agencies are authorized to issue such individual and joint regulations as may be necessary to carry out this section and to insure the uniform administration thereof.

"(e) There shall be in the Treasury (1) a fund which shall be available to the Secretary of Housing and Urban Development for the purpose of extending financial assistance in behalf of distressed mortgagors as provided in subsection (c) and for paying administrative expenses incurred in connection with such assistance, and (2) a fund which shall be available to the Administrator of Veterans' Affairs for the same purpose, except administrative expenses. The capital of each such fund shall consist of such sums as may, from time to time, be appropriated thereto, and any sums so appropriated shall remain available until expended. Receipts arising from the programs of assistance under subsection (c) shall be credited to the fund from which such assistance was extended. Moneys in either of such funds not needed for current operations, as determined by the Secretary of Housing and Urban Development, or the Administrator of Veterans' Affairs, as the case may be, shall be invested in bonds or other obligations of the United States, or paid into the Treasury as miscellaneous receipts."

Acquisition of certain properties situated at or near military bases which have been ordered to be closed

SEC. 913. (a) Notwithstanding any other provision of law, the Secretary of Defense is authorized to acquire title to, hold, manage, and dispose of, or, in lieu thereof, to reimburse for certain losses upon private sale of, or foreclosure against, any property improved with a one- or two-family dwelling which is situated at or near a military base or installation which the Department of Defense has, subsequent to November 1, 1964, ordered to be closed in whole or in part, if he determines—

(1) that the owner of such property is, or has been, a Federal employee employed at or in connection with such base or installation (other than a temporary employee serving under a time limitation) or a serviceman assigned thereto;

(2) that the closing of such base or installation, in whole or in part, has required or will require the termination of such owner's employment or service at or in connection with such base or installation; and

(3) that as the result of the actual or pending closing of such base or installation, in whole or in part, there is no present market for the sale of such property upon reasonable terms and conditions.

(b) In order to be eligible for the benefits of this section such employees or military personnel must be or have been—

(1) assigned to or employed at or in connection with the installation or activity at the time of public announcement of the closure action,

(2) transferred from such installation or activity, or terminated as employees as a result of reduction-in-force, within six months prior to public announcement of the closure action, or

(3) transferred from the installation or activity on an overseas tour unaccompanied by dependents within fifteen months prior to public announcement of the closure action:

Provided, That, at the time of public announcement of the closure action, or at the time of transfer or termination as set forth above, such personnel or employees must—

(i) have been the owner-occupant of the dwelling, or

(ii) have vacated the owned dwelling as a result of being ordered into on-post housing during a six-month period prior to the closure announcement:

Provided further, That as a consequence of such closure such employees or personnel must—

(i) be required to relocate because of military transfer or acceptance of employment beyond a normal commuting distance from the dwelling for which compensation is sought, or

(ii) be unemployed, not as a matter of personal choice, and able to demonstrate such financial hardship that they are unable to meet their mortgage payments and related expenses.

(c) Such persons as the Secretary of Defense may determine to be eligible under the criteria set forth above shall elect either (1) to receive a cash payment as compensation for losses which may be or have been sustained in a private sale or foreclosure, in an amount not to exceed the difference between (A) 95 per centum of the fair market value of their property prior to public announcement of intention to close all or part of the military base or installation and (B) the fair market value of such property at the time of the sale or foreclosure, or (2) to receive, as purchase price for their property, an amount not to exceed 90 per centum of prior fair market value as such value is determined by the Secretary of Defense, or the amount of the outstanding mortgages. An election to receive a cash payment as compensation for

loss sustained in a private sale shall not be effective in any case in which the property at the time of the sale is encumbered by a mortgage loan guaranteed, insured, or held by a Federal agency unless such mortgage loan is paid or otherwise fully satisfied at or prior to the time such cash payment is made, or is assumed by the purchaser (who must be determined to be satisfactory to such Federal agency in the case of a sale occurring after the date of the enactment of this Act). In the event of foreclosure by mortgagees commenced prior to the one hundred and twentieth day after the date of the enactment of this Act, the Secretary may pay or reimburse for direct costs of foreclosure, including deficiency judgments.

(d) There shall be in the Treasury a fund which shall be available to the Secretary of Defense for the purpose of extending the financial assistance provided above. The capital of such fund shall consist of such sums as may, from time to time, be appropriated thereto, and shall consist also of receipts from the management, rental, or sale of properties acquired under this section which receipts shall be credited to the fund and shall be available, together with funds appropriated therefor, for purchase or reimbursement purposes as provided above, as well as to defray expenses arising in connection with the acquisition, management, and disposal of such properties, including payment of principal, interest, and expenses of mortgages or other indebtedness thereon, and including the cost of staff services and contract services, costs of insurance, and other indemnity. Any part of such receipts not required for such expenses shall be covered into the Treasury as miscellaneous receipts. Properties acquired under this section shall be conveyed to, and acquired in the name of, the United States. The Secretary of Defense shall have the power to deal with, rent, renovate, and dispose of, whether by sales for cash or credit or otherwise, any properties so acquired: *Provided, however*, That no contract for acquisition, or acquisition, shall be deemed to constitute a contract for or acquisition of family housing units in support of military installations or activities within the meaning of section 406 (a) of the Act of August 30, 1957 (42 U.S.C. 1594i), nor shall it be deemed a transaction within the contemplation of section 2662 of title 10, United States Code.

(e) Payments from the fund created by this section may be made in lieu of taxes to any State or political subdivision thereof, with respect to real property, including improvements thereon, acquired and held under this section. The amount so paid for any year upon such property shall not exceed the taxes which would be paid to the State or subdivision, as the case may be, upon such property if it were not exempt from taxation, and shall reflect such allowance as may be considered appropriate for expenditures, if any, by the Government for streets, utilities, or other public services to serve such property.

(f) The title to any property acquired under this section, the eligibility for, and the amounts of, cash payable, and the administration of the preceding provisions of this section, shall conform to such requirements, and shall be administered under such conditions and regulations, as the Secretary of Defense may prescribe. Such regulations shall also prescribe the terms and conditions under which payments may be made and instruments accepted under this section, and all the determinations and decisions made pursuant to such regulations by the Secretary of Defense regarding such payments and conveyances and the terms and conditions under which they are approved or disapproved, shall be final and conclusive and shall not be subject to judicial review.

(g) The Secretary of Defense is authorized to enter into such agreement with the Sec-

retary of Housing and Urban Development as may be appropriate for the purposes of economy and efficiency of administration of this section. Such agreement may provide authority to the Secretary of Housing and Urban Development and his designee to make any or all of the determinations and take any or all of the actions which the Secretary of Defense is authorized to undertake pursuant to the preceding provisions of this section. Any such determinations shall be entitled to finality to the same extent as if made by the Secretary of Defense, and, in event the Secretaries of Defense and Housing and Urban Development so elect, the fund established pursuant to subsection (d) of this section shall be available to the Secretary of Housing and Urban Development to carry out the purposes thereof.

(h) Section 223(a)(8) of the National Housing Act is amended to read as follows:

"(8) executed in connection with the sale by the Government of any housing acquired pursuant to section 915 of the Demonstration Cities and Metropolitan Development Act of 1966."

(i) No funds may be appropriated for the acquisition of any property under authority of this section unless such funds have been specifically authorized for such purpose in a military construction authorization Act, and no moneys in the fund created pursuant to subsection (d) of this section may be expended for any purpose except as may be provided in appropriation Acts.

(j) Section 108 of the Housing and Urban Development Act of 1965 is repealed.

College housing

SEC. 914. Section 404(b)(4) of the Housing Act of 1950 is amended by striking out "public" immediately before "educational institution".

Study concerning relief of homeowners in proximity to airports

SEC. 915. Section 1113 of the Housing and Urban Development Act of 1965 is amended—

(1) by inserting "(a)" after "Sec. 1113.";

(2) by striking out "one year after the date of the enactment of this Act" and inserting in lieu thereof "six months after the date of the enactment of the Demonstration Cities and Metropolitan Development Act of 1966"; and

(3) by adding at the end thereof the following new subsection:

"(b) There is authorized to be appropriated the sum of \$100,000 to carry out subsection (a)."

Hydrology research for urban development

SEC. 916. (a) The Congress finds that there is an increasingly severe impact upon the national economy occasioned by storm water damages and costs of storm drainage control in urban and metropolitan areas; that engineering technology directed toward the specialized storm drainage problems of urbanized areas has not kept pace with the growth of drainage problems in such areas; and that effective areawide comprehensive planning requires efficient planning and design of all elements of urban drainage systems.

(b) The Secretary of Housing and Urban Development is authorized—

(1) by contract with public or private agencies to conduct studies, investigations, research, and demonstrations to develop and improve all aspects of the science and technology of urban hydrology as it relates to storm drainage systems for urban and metropolitan areas and to collection sewers for such areas, and by working agreements with other departments and agencies of the Federal Government to conduct studies, investigations, research, and demonstrations to develop and improve all aspects of the science and technology of urban hydrology;

(2) to evaluate the studies, investigations, research, and demonstrations authorized by this section; and

(3) to make available, through publications and other appropriate means, the information resulting from such studies, investigations, research, and demonstrations.

(c) The Secretary shall annually submit a report to the President and to the Congress concerning the studies, investigations, research, and demonstrations undertaken under this section with such recommendations as he deems desirable for additional legislation to develop the science of urban hydrology and its application.

(d) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

(e) Nothing contained in this section shall limit any authority of the Secretary under title III of the Housing Act of 1948, section 602 of the Housing Act of 1956, or any other provision of law.

Quarters and facilities for Federal home loan banks and the Federal Home Loan Bank Board

SEC. 917. (a) The second sentence of section 12 of the Federal Home Loan Bank Act (12 U.S.C. 1432) is amended by striking out "but no bank building shall be bought or erected to house any such bank, nor shall any such bank make any lease" and inserting in lieu thereof "but, except with the prior approval of the Board, no bank building shall be bought or erected to house any such bank, or leased by such bank under any lease".

(b) Section 18 of such Act (12 U.S.C. 1438) is amended—

(1) by adding at the end of subsection (b) the following new sentence: "Such assessments may include such amounts as the Board may deem advisable for carrying out the provisions of subsection (c) of this section."; and

(2) by adding at the end thereof the following new subsection:

"(c) (1) The Board, utilizing the services of the Administrator of General Services (hereinafter referred to as the 'Administrator'), and subject to any limitation hereon which may hereafter be imposed in appropriation Acts, is hereby authorized—

"(A) to acquire, in the name of the United States, real property in the District of Columbia, for the purposes set forth in this subsection;

"(B) to construct, develop, furnish, and equip such buildings thereon and such facilities as in its judgment may be appropriate to provide, to such extent as the board may deem advisable, suitable and adequate quarters and facilities for the board and the agencies under its administration or supervision;

"(C) to enlarge, remodel, or reconstruct any of the same; and

"(D) to make or enter into contracts for any of the foregoing.

"(2) The board may require of the respective banks, and they shall make to the board, such advances of funds for the purposes set out in paragraph (1) as in the sole judgment of the board may from time to time be advisable. Such advances shall be in addition to the assessments authorized in subsection (b) and shall be apportioned by the board among the banks in proportion to the total assets of the respective banks, determined in such manner and as of such times as the board may prescribe. Each such advance shall bear interest at the rate of 4½ per centum per annum from the date of the advance and shall be repaid by the board in such installments and over such period, not longer than twenty-five years from the making of the advance, as the board may determine. Payments of interest and principal upon such advances shall be made from receipts of the board or from other sources which may from time to time be available to the board. The obligation of the board to make any such payment shall not be regarded as an obligation of the United States. To such extent as

the board may prescribe any such obligation shall be regarded as a legal investment for the purposes of subsections (g) and (h) of section 11 and for the purposes of section 16.

"(3) The plans and designs for such buildings and facilities and for any such enlargement, remodeling, or reconstruction shall, to such extent as the chairman of the board may request, be subject to his approval.

"(4) Upon the making of arrangements mutually agreeable to the board and the Administrator, which arrangements may be modified from time to time by mutual agreement between them and may include but shall not be limited to the making of payments by the board and such agencies to the Administrator and by the Administrator to the board, the custody, management, and control of such buildings and facilities and of such real property shall be vested in the Administrator in accordance therewith. Until the making of such arrangements such custody, management, and control, including the assignment and allotment and the reassignment and reallocation of building and other space, shall be vested in the board.

"(5) Any proceeds (including advances) received by the board in connection with this subsection, and any proceeds from the sale or other disposition of real or other property acquired by the board under this subsection, shall be considered as receipts of the board, and obligations and expenditures of the board and such agencies in connection with this subsection shall not be considered as administrative expenses. As used in this subsection, the term 'property' shall include interests in property.

"(6) With respect to its functions under this subsection the board shall (A) annually prepare and submit a budget program as provided in title I of the Government Corporation Control Act with regard to wholly owned Government corporations, and for purposes of this sentence, the terms 'wholly owned Government corporations' and 'Government corporations', wherever used in such title, shall include the board, and (B) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions as provided in such title, and no other audit, settlement, or adjustment shall be required with respect to transactions under this subsection or with respect to claims, demands, or accounts by or against any person arising thereunder. Except as otherwise provided in this subsection or by the board, the provisions of this subsection and the functions thereby or thereunder subsisting shall be applicable and exercisable notwithstanding and without regard to the Act of June 20, 1938 (D.C. Code, secs. 5-413—5-428), except that the proviso of section 16 thereof shall apply to any building constructed under this subsection, and section 306 of the Act of July 30, 1947 (61 Stat. 584), or any other provision of law relating to the construction, alteration, repair, or furnishing of public or other buildings or structures or the obtaining of sites therefor, but any person or body in whom any such function is vested may provide for delegation or redelegation of the exercise of such function.

"(7) No obligation shall be incurred and no expenditure, except in liquidation of obligation, shall be made pursuant to the first two subparagraphs of paragraph (1) of this subsection if the total amount of all obligations incurred pursuant thereto would thereupon exceed \$13,200,000 or such greater amount as may be provided in an appropriation Act or other law."

Small Business Act

SEC. 918. Paragraph (1) of section 8(b) of the Small Business Act is amended by inserting "(A)" after "(1)" by inserting "and"

after "Administration"; and by adding at the end thereof a new subparagraph as follows:

"(B) to allow an individual or group of persons cooperating with it in furtherance of the purposes of subparagraph (A) to make such use of its office facilities and related materials and services as it deems appropriate;".

Use of certain lands for civil defense purposes

SEC. 919. Section 2 of the Act entitled "An Act to provide for the conveyance of a tract of land in Prince Georges County, Maryland, to the State of Maryland for use as a site for a National Guard Armory and for training the National Guard or for other military purposes", approved August 10, 1949 (63 Stat. 592), is amended by striking out "The land" and inserting in lieu thereof "(a) Except as provided in subsection (b) of this section, the land" and by adding at the end thereof the following new subsection:

"(b) The Secretary of Housing and Urban Development shall execute the necessary instrument or instruments to provide that a certain portion of land, not to exceed two acres, on the easterly side of the land described in the first section of this Act, as more particularly determined and designated by the Secretary of the Army, may be used for civil defense or other emergency preparedness purposes or the purposes stated in subsection (a) and that such use shall not cause the reverter clause set forth herein to become operable."

Mortgage insurance for land development—Clarifying amendments

SEC. 920. Section 1001(d) of the National Housing Act is amended—

(1) by striking out "sewerage disposal installations," and inserting in lieu thereof "sewage disposal installations, steam, gas, and electric lines and installations;";

(2) by striking out the semicolon after "or common use", and inserting in lieu thereof a period and the following new sentence: "Related uses may include industrial uses, with sites for such uses to be in proper proportion to the size and scope of the development;";

(3) by striking out "but such term" and inserting in lieu thereof: "The term improvements"; and

(4) by inserting after "sewage disposal installation," in clause (1) the following: "or a steam, gas, or electric line or installation;".

Miscellaneous and technical amendments

SEC. 921. (a) Section 106(d) of the Housing Act of 1949 is repealed.

(b) Section 227(a) of the National Housing Act is amended by striking out "subsection (b) (2)" in clause (vi) and inserting in lieu thereof "subsection (b)".

(c) The last sentence of section 305(e) of the National Housing Act is amended by striking out "supplementing" and inserting in lieu thereof "supplementary".

(d) Section 308 of the National Housing Act is amended by striking out "(a)".

(e) Section 512 of the National Housing Act is amended by striking out "or IX" and inserting in lieu of "IX, X, or XI".

(f) Section 1001(c) of the National Housing Act is amended by striking out "'mortgage'" and inserting in lieu thereof "'mortgagee'".

(g) Section 1 of the National Housing Act is amended by striking out "and X" wherever it appears and inserting in lieu thereof "X, and XI".

(h) Section 102(h) of the Housing Amendments of 1955 is amended by striking out "section 213 of the National Housing Act, as amended, the Commissioner" and inserting in lieu thereof "section 213 of the National Housing Act, section 221(d) (3) of the National Housing Act, and section 101 of the Housing and Urban Development Act of 1965 (insofar as the provisions of such sections relate to cooperative housing), the Secretary of Housing and Urban Development", and

by striking out "such section" each place it appears and inserting in lieu thereof "such sections".

AMENDMENT OFFERED BY MR. ASHLEY

Mr. ASHLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ASHLEY: Strike out page 99, line 21, and all that follows down through page 100, line 11, and insert in lieu thereof the following:

"Sec. 701. (a) Section 110(d) of the Housing Act of 1949 is amended by inserting immediately after the colon at the end of the first proviso the following: 'Provided further, That any publicly-owned facility, the construction of which was begun not earlier than three years prior to the date of the enactment of the Demonstration Cities and Metropolitan Development Act of 1966, shall be deemed to benefit an urban renewal project or projects to the extent of 25 per centum of the total benefits of such facility, if such facility (A) is used, or is to be used, by the public predominantly for cultural, exhibition, or civic purposes; (B) is located within, adjacent to, or in the immediate vicinity of such urban renewal project or projects; (C) is found to contribute materially to the objectives of the urban renewal plan or plans for such project or projects; and (D) is not otherwise eligible as a local grant-in-aid.'"

"(b) Section 112(a) of such Act is amended by inserting before the period at the end thereof the following: 'Provided further, That no such expenditure shall be deemed ineligible as a local grant-in-aid in connection with an urban renewal project, to the extent that the expenditure is otherwise eligible, if the facilities, land, buildings, or structures with respect to which the expenditure is made are located within one mile of the project (or within such greater distance from the project as the Secretary may specify in the case of an expenditure and project which the Secretary determines meet the objectives of this section but cannot be encompassed within the one-mile limitation)'."

"(c) In view of the fact that a substantial proportion of the local share of urban renewal costs is being met by local non-cash grants-in-aid, and that the success of many projects is dependent upon the credits allowed therefor, the Secretary is authorized and directed to make a study of the ways in which local communities are meeting their share of these costs and recommend to the Congress policies to govern the recognition of local expenditures for such credits. The appropriation of such sums as may be necessary to carry out such study is hereby authorized."

The CHAIRMAN. The gentleman from Ohio is recognized for 5 minutes in support of his amendment.

Mr. ASHLEY. Mr. Chairman, this is an important amendment. It has just three parts. Section 701 as it appears in the reported bill would give the communities credit toward their share of urban renewal of 25 percent of costs of civic, community, exhibition facilities, and municipal projects.

The word "municipal" was added at the last minute in our committee and it has met with vigorous opposition from the Department, from communities throughout the country and from various other sources. The term "municipal" is not defined and the Department points out that it is so inconsistent with the rest of the section as to be practically meaningless.

The Department is deeply concerned, as I and as other members of the committee are, that the wide open term

might lead to impossible pressure on the funds authorized for the urban renewal program and might well distort that program by encouraging lower priority projects for the sake of taking advantage of these credits.

To meet those objections, my amendment would strike from the provisions of the bill the word "municipal", thereby leaving that section in the same form as was approved by the Senate.

This, without question, is the most important proviso in my amendment, Mr. Chairman, but there are two other portions which I should like to comment on.

The second provision would liberalize section 712 in the existing urban renewal law by permitting certain expenditures by universities and hospitals to be counted toward the community share of urban renewal projects. Existing law allows the expenditures if they meet the criteria in section 112 and if they are made in or in the vicinity of an urban renewal project.

The phrase "in the vicinity" has never been defined by the Congress and many universities feel that the Department has interpreted it too restrictively in their definition of a quarter of a mile from the urban renewal project.

It seems to me that this interpretation by the Department does not take into account many local factors and the different shapes of some campuses.

My amendment would simply define "in the vicinity" to mean within 1 mile. And I would like to emphasize that before any expenditure could be counted in this area it would have to meet the guidelines created in the law to assure that the expenditures are truly related to the purposes of the urban renewal project.

The final section of my amendment, Mr. Chairman, would direct the Secretary to undertake a special study of the way in which communities are now meeting their share of urban renewal cost and the problems they are having in providing their one-third share or their one-fourth share as the circumstances may be.

The Secretary would report back to the Congress next year with any recommendations he might wish to make on changes in the law with respect to local financing to assure that all communities are treated equitably.

I think, and I feel certain, that the Subcommittee on Housing will welcome this study and take action on any recommendations that he makes.

Mr. HANNA. Mr. Chairman, will the gentleman yield on that point?

Mr. ASHLEY. Mr. Chairman, I will be glad to yield.

Mr. HANNA. Mr. Chairman, if the gentleman recalls, there were substantial problems that were raised relative to the language in section 701 as it appeared in the bill that eliminates for consideration facilities whose construction were less than the 3-year period, which was kind of an arbitrary dropoff date. And there were suggestions that some flexibility in relation to that should be evolved.

Mr. ASHLEY. Mr. Chairman, is the gentleman referring to individual projects such as mine in Toledo, Ohio, which

do not quite meet the definition of the law that construction of the facility for which there is sought to be taken a non-cash credit, was not constructed within 3 years prior to approval of an urban renewal project?

Mr. HANNA. That is precisely the point.

Mr. ASHLEY. In drawing this amendment if I may say so, I drew it deliberately to exclude consideration for the time being of that kind of special exception.

Mr. HANNA. Is this what the report is supposed to have developed—an approach to this problem?

Mr. ASHLEY. My amendment does not go to that kind of situation. The reason it does not is because I feel it is very important for us to come up with general language that will cover every type of situation.

The language I have come up with does cover those situations that can be covered by general language at least at this time.

The CHAIRMAN. The time of the gentleman has expired.

(Mr. ASHLEY asked and was given permission to proceed for 3 additional minutes.)

Mr. ASHLEY. Mr. Chairman, I have asked for these few additional minutes to make clear the principal thrust of my amendment which goes to this proposition: by inclusion of the word "municipal" in section 701 we say to the cities that any municipal facilities, be they police stations, municipal office buildings, courthouses, firehouses or whatever they may be—that the construction of these facilities within an urban renewal project will generate 25-percent noncash credit.

If my amendment is not adopted, these communities will generate untold millions of dollars of noncash credit—and each of these noncash credit dollars, let me point out, generates 2 Federal dollars.

This is the thrust of my amendment.

I would like to make it clear at the same time that I am not eliminating the 25 percent that would be allowed as non-cash credit for civic facilities that benefit and that are located within and benefit an urban renewal project.

I might say, Mr. Chairman, the distinction was drawn out well in the language of the Senate report which I would recommend to this body at this time.

It reads as follows:

While the legislative language is quite broad, the committee wishes to make clear that it had very specific types of facilities in mind. It intends this provision to apply to public auditoriums, concert halls, theaters, central libraries, museums, exhibition halls, art galleries, band shells, settings for historical sites, meeting halls and similar facilities for general use. It does not intend this provision to apply to facilities associated with normal governmental functions, such as city halls, municipal office buildings, or courthouses, nor should it be applicable to facilities provided principally for athletic or recreational purposes, such as stadiums, gymnasiums, or skating rinks.

The CHAIRMAN. The time of the gentleman has expired.

(Mr. ASHLEY asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. For what purpose does the gentleman from New Jersey rise?

Mr. WIDNALL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WIDNALL. Is it in order to offer a substitute for the amendment offered by the gentleman from Ohio [Mr. ASHLEY]?

The CHAIRMAN. It is always in order to offer a substitute.

Mr. WIDNALL. If so, when should it be offered? At this time?

The CHAIRMAN. If the gentlewoman from New Jersey wishes to offer a substitute, it can be offered now.

Mrs. DWYER. Mr. Chairman, I offer a substitute amendment to the Ashley amendment.

Mr. PATMAN. Mr. Chairman, will the gentlewoman yield for a unanimous-consent request?

Mrs. DWYER. I yield to the gentleman from Texas.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that debate close at the end of the 5 minutes allotted to the gentlewoman.

The CHAIRMAN. I did not hear the gentleman from Texas.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that from now until the end of the consideration of the bill all debate on amendments be limited to 10 minutes.

Mr. WIDNALL. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

AMENDMENT OFFERED BY MRS. DWYER

Mrs. DWYER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. DWYER as a substitute for the amendment offered by Mr. ASHLEY: Strike out section 701 beginning on page 99, line 20, and ending on page 100, line 11, and renumber the succeeding sections accordingly.

Mr. PATMAN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. PATMAN. I rise to a point of order against the amendment on the ground of germaneness. It is a simple motion to strike out.

The CHAIRMAN. The Chair advises the gentlewoman from New Jersey that this is obviously a motion to strike out and cannot be submitted at this time.

Mr. ST GERMAIN. Mr. Chairman, I move to strike the requisite number of words.

(Mr. ST GERMAIN asked and was given permission to revise and extend his remarks.)

Mr. ST GERMAIN. Mr. Chairman and Members of the Committee, I listened very attentively to the remarks of my esteemed senior colleague on the subcommittee from Ohio, and among some of the phrases I picked out were the fact that the agency had voiced vigorous opposition, and evidently in voicing their opposition to certain Members in the Congress and on the committee, neglected to inform other members of the subcommittee and the full committee of this vigorous opposition.

When we consider the words—and despite the Senate committee's report—"cultural, exhibition, or civic purposes," I do not see that there should be any greater problem in determining what a municipal purpose is. I think it is a whole lot simpler to define municipal purpose than it is to define cultural, exhibition, or civic purposes.

I feel that if there is any validity to the gentleman's argument, then we should strike section 701 in toto, in its entirety, and then wait for that report to come in a year from now. But if we can go along with the words "cultural, exhibition, or civic purposes" that are not defined, then I feel certainly that there is a strong argument that can be made for municipal purposes.

I for one am certainly in favor of cultural and civic purposes. By the same token, I am also in favor of the necessary facilities that many of our communities need, and I certainly feel that a central police headquarters is just as important to the well-being of the citizens of a community as is an exhibition center or a cultural center.

By comparison, in fact, if we were to grade these in importance, I would certainly feel that the "municipal" should come first and the others later if there were funds remaining.

Additionally, in the arguments which were given in proposing this particular amendment, there was no breakdown on what the total cost would be either way.

No figures have been propounded, nor could they be projected, for the possible cost of the "cultural, exhibition or civic" purposes, as the three words that remain in the amendment offered by the gentleman from Ohio.

Nor have any figures been projected for the cost that the word "municipal" would mean in this amendment.

Therefore, Mr. Chairman, I hope that the Members will reject this amendment.

Let us make a real decision. Either we are going to allow these lofty, very important projects to be given a 25-percent credit, and allow all of them, or, if that is not the case, let us not be prejudiced against municipal projects but let us delete the entire section. I am sure there will be a motion offered to do that subsequent to the vote on the Ashley amendment, in view of the parliamentary situation.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. ST GERMAIN. I yield to the gentleman from Ohio.

Mr. ASHLEY. The gentleman indicated that there was no breakdown of the cost figures. I believe that is an admission of the first water.

The plain fact of the matter is that the amendment of the gentleman to include "municipal" was made at the last minute. There was no hearing on the inclusion. There was no request for testimony. The gentleman offered this after the subcommittee concluded hearings when the bill was being taken up before the full committee.

Mr. ST GERMAIN. That is correct. By the same token, no hearings were held, and no evidence or testimony was taken, on the words "cultural, exhibition or civic."

Mr. ASHLEY. There was, before the other body.

Mr. ST GERMAIN. None was presented to us. Not one single bit of evidence was before our committee.

Mr. HARDY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am disturbed by this amendment.

When the bill came over from the other body, as I recall, there were quite a number of special projects included. Frankly, I have always felt that was the wrong approach to this kind of legislation.

The House Committee came in with a substitute approach, and included this section, which embodies a credit of 25 percent for a number of types of buildings that can be included. To me that is a much more fair approach.

But if we leave out the credit for municipal buildings, this would destroy it, so far as I am concerned. I believe the point made by the gentleman from Rhode Island was a very good point. Certainly there cannot be anything which would contribute more to a community or to its redevelopment than a police station or than a modernized jail, if that is necessary, or, if it fitted in with the redevelopment program, for that matter, even a city hall, if it were a necessary part of the redevelopment program.

Mr. Chairman, it is utterly foolish, it seems to me, for us to try to decimate this particular section. I think it is both proper and desirable to include this type of facility and to permit a percentage of credit. It is a much better approach than having the special projects brought out specifically in the bill as was done in the other body. I hope that this amendment will be defeated.

Mr. DOWNING. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to my neighbor from Virginia.

Mr. DOWNING. I must say, Mr. Chairman, that I concur completely with the gentleman from Virginia. As I recall it, when this bill was being marked up, it had some 40 or 50 projects in it which were municipal projects.

Mr. HARDY. A great many of them were municipal projects.

Mr. DOWNING. Then it was very wisely decided to delete these projects and put in qualification language or general language by which any city that qualified could make application for municipal projects.

Mr. HARDY. I will say to the gentleman that under the language in this bill there is 25-percent credit instead of the 100-percent credit which is allowed for specific projects in the Senate bill.

Mr. DOWNING. Exactly. I do hope that my colleagues will vote this amendment down.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from Ohio.

Mr. ASHLEY. Is it not true that what we are trying to do is get away from the special exception legislation that we have had year in and year out where privileged Members can come in and say that for

the city of Norfolk or the city of Toledo we will be treated a little differently?

Mr. HARDY. I will say to the gentleman that is exactly what the committee was attempting to do when they included this section in here. They included municipal building, which was entirely proper. If you leave these out, you defeat the whole purpose of the section.

Mr. ASHLEY. Will the gentleman yield further?

Mr. HARDY. I yield to the gentleman.

Mr. ASHLEY. We are talking about cities going forward with the construction of municipal and cultural facilities. These are cities that will be getting undreamed of credits—and Mr. WIDNALL should agree with this—the result will be that small cities that want to do something with urban redevelopment where it is really needed will be precluded from doing so.

Mr. HARDY. I will say to the gentleman that I do not think he is making a proper distinction here, because there are cities—and I have one in my district and, as a matter of fact, it was one included in the Senate bill—that had a municipal project in it. Under the language before us it is left out entirely. That city is certainly as entitled to include a municipal type of facility in its urban redevelopment as any other city and, as a matter of fact, it must do it in order to have a proper redevelopment program.

Mr. ASHLEY. It does not have to be included, does it?

Mr. HARDY. There is no more reason why you should exclude that than a civic center.

Mr. ASHLEY. May I ask the gentleman, does he understand whether the use of the word "municipal" expands the scope of the entire program by tens and tens and tens of millions of dollars?

Mr. HARDY. I will say to the gentleman that he sits on the committee. I have not undertaken to try to see how far this thing goes, but I do know if you do not have something of that kind in the bill, you are leaving a lot of good projects out that should be included.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. I thank the gentleman for yielding.

I heard the colloquy between the gentleman from Virginia and the gentleman from Ohio. The gentleman from Ohio said that smaller cities will be hurt. Let us be realistic about this. I think the gentleman will agree that the smaller cities cannot afford exhibitions, civic or cultural centers. What they need most is a police station, a firehouse, a city hall, a jailhouse, or a courthouse.

Mr. HARDY. Actually, the city I am speaking about in my district might be classified as one of the smaller cities, and I will say that it will be hurt if you leave this out.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. ASHLEY].

The amendment was rejected.

AMENDMENT OFFERED BY MR. MULTER

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER: Starting with line 18 of the bill, on page 92, strike out all the material through line 10 on page 96.

On page 96, line 12, strike out "Sec. 606." and substitute "Sec. 603."

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that, hereafter, each amendment and debate thereon be limited to 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. WIDNALL. Mr. Chairman, may I suggest that we up that to 15 minutes on each amendment?

Mr. PATMAN. Well, if the gentleman from New Jersey insists.

Mr. WIDNALL. Mr. Chairman, we can yield back such time as remains on any amendment, which is not consumed. I am sure, and I hope that many of the amendments will not require any more than 2 or 3 minutes.

Mr. PATMAN. Mr. Chairman, I put that unanimous-consent request to conform to the wishes of the gentleman from New Jersey [Mr. WIDNALL] that there be allocated 15 minutes for the discussion of each amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. WHITTEN. Mr. Chairman, reserving the right to object, it is reported or rumored that the rural development bill from the Committee on Agriculture on which a rule has been granted providing for 3 hours of debate will be offered as an amendment to this bill. If that be true, I shall object.

Mr. PATMAN. Certainly that will not be taken up under this 15-minute limitation.

The CHAIRMAN. In view of that assurance, does the gentleman from Mississippi withdraw his reservation of objection?

Mr. WHITTEN. Mr. Speaker, I withdraw my reservation of objection.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield further to the gentleman from Texas.

Mr. PATMAN. Mr. Chairman, I would like to amend my request to provide that the last 5 minutes of the 15 minutes granted upon each amendment be reserved to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. GERALD R. FORD. Mr. Chairman, reserving the right to object, I believe that the Chair ought to proceed along the thoughts of the gentleman from Pennsylvania. I believe we ought to defer to the judgment of the gentleman from Pennsylvania. I believe the gentleman will protect the interests of the Committee.

Mr. PATMAN. Mr. Chairman, I am willing to trust the gentleman from New Jersey, with the understanding that the minority leader and the gentleman from Pennsylvania, who is the chairman of the subcommittee—I am willing to trust them thereon and I am confident that the Chair will rule in accordance therewith.

The CHAIRMAN. The gentleman from Texas [Mr. PATMAN] asks unanimous consent that debate on all amendments upon the remainder of the bill be limited to 15 minutes, and not to exceed 15 minutes.

Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. MULTER. Mr. Chairman, I am offering this amendment to strike three sections of the historic preservation title in the bill. I want to make clear that this is by no means because I am opposed to either the purpose or the main provisions of this title. I agree fully with the Special Committee on Historic Preservation that the Federal Government must take far more responsibility in this area than they are now doing. However, I think that we should not run off in all directions on this subject. We must avoid a scattergun approach.

My amendment would strike sections 603, 604, and 605 of the bill. These would authorize grants to the National Trust for Historic Preservation; special grants for historic surveys, under the section 701 comprehensive urban planning program; and the use of the limited funds for low interest-rate loans for acquisition and rehabilitation of historic structures. I believe all three of these provisions are either duplications or undesirable.

The first of these, which authorizes the Secretary of Housing and Urban Development to make grants to the National Trust for Historic Preservation, completely duplicates legislation contained in S. 3035, which has already passed both the Senate and the House. That bill would authorize grants to the National Trust from the Secretary of the Interior. The authority is even broader than in our bill, since it covers grants for acquisition and maintenance of property as well as for renovation and restoration.

I think the national trust has been doing a fine job, and I particularly commend its efforts because of its demonstrated ability to involve private efforts and contributions for this very important work. However, I think it is simply poor Federal organization to provide competing grant programs to assist this organization.

Further, I believe it is more appropriate for the grants to be made by the Secretary of the Interior rather than the Secretary of Housing and Urban Development. Most of the activities of the national trust relate to properties of nationwide importance. This type of historic preservation activity is closely related to the activities of the Secretary of the Interior.

Section 604 of the bill, which I also propose to strike would add special provisions to the section 701 comprehensive urban planning program. This program

already assists in areawide historic surveys. The effect of the new provisions would be to authorize more detailed studies of individual historic structures. Also, it would allow a locality to undertake such historic surveys and planning regardless of whether it was undertaking a general program of comprehensive planning.

Such historic activities are certainly desirable, and can be useful if carried out separately from a general planning program. However, the section 701 program is simply unable to carry any extra burden of this sort at this time. The recent independent Offices Appropriation Act provides \$33 million for the program. Applications are already on hand for about \$25 million of this amount. New applications are coming in at an average rate of about 65 a month, and it is obvious that stringent priorities must be established to assure the best use of the limited available funds.

The last of the sections which I propose to strike is, in many respects, the most objectionable of the three. It would amend the present rehabilitation loan program, under section 312 of the Housing Act of 1964. It would make available the special 3 percent, long-term loans under that section to owners or tenants of historical or architecturally valuable properties to finance their restoration. These loans would be used primarily by private individuals, and could be used to refinance existing mortgage debt, as well as the restoration work.

I have no objection to pouring new legislative wine into old statutory bottles when there is some purpose to be served thereby. However, I see no purpose in diverting a good program to an entirely different purpose.

The rehabilitation loan program has as its purpose the provision of low interest loans to persons who are being required to upgrade their property or have it taken by public condemnation—either because they are in an urban renewal rehabilitation area or a code enforcement area. Moreover, these loans are available only to persons otherwise unable to meet their mortgage payments with 20 percent of their income. It makes good sense to help such persons to stay where they are and bring their properties up to the new standards for the area, rather than to evict them and pay them an even greater subsidy for the cost of moving them and finding adequate quarters for them elsewhere. The funds for this program should not be diverted for historic preservation purposes.

That, also, raises the question of whether a separate loan program should be proposed instead. I think that would be premature. We are authorizing, in the other provisions of the historic preservation title, very substantial new grant assistance to State and local public bodies for historic preservation activities, including both acquisition and restoration, under the existing open space and urban beautification program. These public bodies do not need loans in addition to grants.

Mr. Chairman, I urge adoption of my amendment which would strike these

three provisions. To do so will result in more, rather than less, effective Federal assistance for historic preservation.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Ohio.

Mr. HAYS. Mr. Chairman, in other words, this is in the bill and you are seeking to strike it out of the bill. Is that correct?

Mr. MULTER. The gentleman is correct.

Mr. HAYS. Why was not this bill settled in the committee? I never saw such a disorganized mess, on this floor, the committee members themselves do not know what is in it.

Mr. MULTER. I appreciate the kind comments of the gentleman from Ohio. We have heard that same comment so often, no one will take it seriously. I think the committee has labored long and well and arduously on this bill. Like many another bill of the length of this bill, things get into it that ought not to be in it, and some things are left out that ought to be in it. The purpose of the 5-minute rule is to permit us to correct such matter and to improve the bill.

Mr. Chairman, I urge the adoption of my amendment.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. WIDNALL. Mr. Chairman, I move to strike out the last word, and I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from New Jersey is recognized for 5 minutes in opposition to the amendment.

Mr. WIDNALL. Mr. Chairman, I am particularly surprised by the amendment offered by the gentleman from New York [Mr. MULTER]. As I recall, he voted to report this bill in its entirety. This was incorporated in the bill when he voted on it in the committee.

I cannot help but think that this might be coming up at this time as a punishment to me for some of the positions that I have taken in connection with this bill, because this is a section of the bill I sponsored originally. Actually it had been prepared through a commission that was appointed after a Ford Foundation grant. On that commission Senator MUSKIE of Maine served for the Senate and I served for the House. Former Congressman Rains of Alabama was one of those who were very prominent in the formulation of the suggested legislation. It is a proposal that has received considerable thought. Similar bills have been introduced in both Houses. There is tremendous interest in this bill and the amount of funds involved in this is miniscule compared to the rest of the funds that are in this bill.

Mr. Chairman, we must do something urgently in this area, or we are going to bulldoze out of existence almost every historic site in the United States. It is tragic to think today that many people think it is not important to consider something such as this immediately. We are really losing part of our heritage day by day through the highway and other projects all over this country. This is meaningful legislation. I believe that the people of the United

States back it. I certainly would hope that the amendment is going to be rejected.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman.

Mr. REUSS. Mr. Chairman, I would like to associate myself with the remarks of the gentleman from New Jersey [Mr. WIDNALL] and urge Members to vote down the amendment.

I think these three sections of the historic preservation bill are important.

The organization to which section 603 permits grants, the national trust for historic preservation is a very distinguished public organization.

As the gentleman from New Jersey has said, a very high level bipartisan commission has worked out the details of this bill. I voted for it in committee and I support it. Irrespective of the disagreements I may have on other sections of this bill, and they are deep seated, I would hope that we would retain these sections in the bill and vote down the amendment.

Mr. WIDNALL. I thank the gentleman.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman.

Mr. MULTER. The gentleman from New Jersey and I agree on almost everything that he has said except when he said that this may be intended to punish him for some of the positions he has taken.

Mr. Chairman, the gentleman from New Jersey is one of the most respected Members of this House. I certainly have the highest respect for him. We have worked together very closely on many matters in and out of committee.

But, Mr. Chairman, I am sorry to take a position opposite to his position on this particular amendment. At the same time I want to assure him, I am not seeking any revenge or trying to take anything out on him for any position that he has taken. I know that whatever position he has taken is a conscientious position in accordance with what he thinks is right.

The only reason for offering this amendment at this time is that I think this does not belong in this bill.

I do not have any doubt that when the appropriate bill comes before this House covering this matter, I will be happy to join with the gentleman in urging its enactment. But we ought not to take out of this bill the small amount of funds that we have available here and divert them to this purpose when we have another fund that is available for them. Mind you, I am not touching the grants but only touching the loan provisions here.

The CHAIRMAN. The time of the gentleman from New Jersey has expired. The question is on the amendment of the gentleman from New York [Mr. MULTER].

The amendment was rejected.

AMENDMENT OFFERED BY MR. MOORHEAD

Mr. MOORHEAD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MOORHEAD: Page 106, lines 16 through 19, strike out "(or (2) a mortgage insured under section 221(d) (3) and executed by a cooperative (including an investor-sponsor)," and inserting in lieu thereof "(2) a mortgage insured under section 220, or (3) a mortgage insured under section 221(d) (3) and executed by a cooperative (including an investor-sponsor), a limited dividend corporation,".

Mr. MOORHEAD. Mr. Chairman, FHA section 220 permits the FHA to insure mortgage loans for housing and urban renewal areas.

FHA section 221(d) (3) does the same thing for FHA for housing for low income families.

These programs work because in past years for construction money, borrowers have been able to get money from existing lending institutions on the assurance that Fannie Mae would buy them out.

The present mortgage market, even for construction mortgages, is so tight that these builders cannot get their construction money. In this bill—before my amendment—we authorize Fannie Mae to come up with construction money for a few of these institutions. But we did not cover section 220, urban renewal housing, nor section 221(d) (3) programs where there was a limited dividend corporation.

My amendment takes into account this fact. It liberalizes this situation and would permit Fannie Mae to participate in construction mortgages in the section 220 urban renewal housing program and in the section 221(d) (3) program where there is a limited dividend corporation.

In today's housing market, where we are trying to get housing, and particularly in the slum areas, this bill, particularly as amended by my amendment, will do something to give us such housing.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. I see no reason why we cannot accept the amendment, if it is agreeable with the minority.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. MOORHEAD].

The amendment was agreed to.

AMENDMENT OFFERED BY MRS. DWYER

Mrs. DWYER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. DWYER: Strike out section 701, beginning on page 99, line 20, and ending on page 100, line 11.

And renumber the succeeding sections accordingly.

Mrs. DWYER. Mr. Chairman, I do not see how, in good conscience, this House can allow section 701 to remain in the bill.

To those who favor the legislation, it will be a fatal millstone around the necks of the urban renewal and demonstration cities programs.

To those who oppose the program, it will stand as a billion-dollar embarrassment to every Member of Congress.

Unless our colleagues, Mr. Chairman, accept my amendment, every Member of this body will be saddled with responsibility for perpetrating the biggest "pork barrel" operation in the history of hous-

ing legislation—held responsible by a public that has grown sick and tired of unjustified Federal subsidies, handed out by the billions to people who do not need them.

Unless we strike out section 701, Mr. Chairman, it will remain in the bill and there will be little the conferees will be able to do about it. Except for the addition of the word "municipal" in the House committee, section 701 is identical in both the House and Senate versions of the legislation.

So the decision is up to us. What we do on this amendment will determine the fate of the urban renewal program. There will not be much left if 701 stays in.

For those of our colleagues who did not hear or read my remarks on section 701 yesterday or who have not yet had an opportunity to read my letter to them, I would summarize the case against the section this way: It will cost billions; it will radically transform urban renewal; it will subsidize public projects which have already been built; it will require the Federal urban renewal program to help pay for citywide or areawide facilities which have no specific relationship to an urban renewal project; it would, in effect, take from the poor and give to the rich; and with 800 cities being invited to get something for nothing, there will be very little left after the earliest and the biggest and the hungriest get finished.

In case there is any doubt as to the position of the Secretary of Housing and Urban Development on the subject of section 701 or noncash grant-in-aid credits generally, I am glad to assure our colleagues that the Secretary strongly supports my position—both with regard to the 52 special exception subsidies, which the committee eliminated from the bill, and section 701 which would do, at a 25-percent rate, what the special exceptions would have done, but this time for more than 800 instead of 52 cities.

In my remarks yesterday and in my letter to our colleagues, I quoted pertinent comments of the Secretary about the 52 special projects—it was 48 when he wrote—and about section 701. At the close of my remarks today, I shall include the texts of an exchange of letters between the Secretary and myself on this subject.

I do not criticize, Mr. Chairman, any great city for wanting a mammoth new auditorium, or a vast new opera house, or a beautiful new museum, but I resent deeply taking money away from the poor to pay for it, and I resent deeply charging a large part of the cost to the U.S. Treasury when this Congress has never authorized subsidies for opera houses—or for any of the variety of projects which cities would rush to build under the generous incentives of section 701.

How, I wonder, could we ever explain this section—in the event it is approved—to our constituents?

How, for instance, could we justify authorizing billions of dollars of new subsidies—unnecessary and unproductive subsidies, subsidies which will help defeat the very purposes of this legislation?

How could we excuse an act which would turn the urban renewal program away from those who need decent homes

and turn it over instead to office buildings, shopping centers, exhibition halls, and the like—facilities which, in many cases, have already been built and would be built, in any event, with local funds as they should be and always have been.

How could we convince constituents that it is right to hand over a valuable program to those who are looking for something for nothing?

One final word, Mr. Chairman. To those of our colleagues who may think their own communities will gain something from section 701, let me add a note of caution. They probably will not. In fact, they may find that they no longer can obtain any urban renewal assistance at all.

Why? Because this section will be so expensive there will not be enough money to go around. I remind our colleagues that Secretary Weaver said he would have to stop accepting new applications for capital grant funds if Congress approved 48 special exceptions. In section 701, there is the potential for at least four times the impact of the 48, or 52, special subsidies. So I fear there will be a great many disappointed cities in America if we let this provision stay in.

It is time for restraint, Mr. Chairman, for reason and responsibility. I urge our colleagues to support my amendment to strike section 701.

The letters referred to follow:

THE SECRETARY OF HOUSING
AND URBAN DEVELOPMENT,
Washington, D.C.

HON. WRIGHT PATMAN,
House of Representatives,
Washington, D.C.

DEAR MR. PATMAN: I wish to state in the strongest possible terms this Department's opposition to the 48 special non-cash grant-in-aid exceptions contained in section 704 of the August 27 Committee Print of the draft "Housing and Urban Development Act of 1966."

With two exceptions (those for Garden City, Michigan and Sacramento, California) these exceptions in the draft are without justification or merit.

It is our estimate that the cost of the facilities involved in the special exceptions will be on the order of \$350 million. These estimates are conservative. A major proportion of the exceptions deal with facilities proposed but not yet constructed, and traditionally early estimates of construction costs tend to be very low. It is not inconceivable that these figures will double before the facilities are in place. If the same generous treatment were to be extended to all of the projects still active in the urban renewal program, it would result in additional demand for capital grant funds on the order of \$8.7 billion, far more than has been authorized for the entire urban renewal program since it was authorized in 1949.

If these exceptions are passed, we may well expect a similar deluge in future years. I would go even further than this. If we establish a principle that any locality can ignore all of the legislative and administrative rules involved in the carrying out of urban renewal projects, through the ready and unquestioned recourse to special exception legislation, we will then have reached a point at which the program has become completely unmanageable.

The effect of the enactment of these provisions on the urban renewal program would be devastating. If we are to act in a financial prudent manner, it will be necessary for us to set aside, from current urban renewal capital grant authorization, the necessary funds to meet future capital grant needs

generated by these provisions. If we take this course of action, which I believe to be prudent and necessary, we will not be able to approve any further projects for any other localities until further authorization becomes available in fiscal 1968. For the sake of the few localities benefiting from the special provisions, other deserving localities would suffer.

Accordingly, the immediate effect of approving these special provisions would be to preclude approval of new urban renewal projects, cripple the newly authorized demonstration cities program, and dissipate the funds Congress has already authorized to fight slums and blight.

Adoption of these special provisions would use up almost one-half of the \$725 million authorized by Congress to be spent for the elimination of slums and blight during fiscal 1967. All of the money required by the special provisions would be added to the amount of urban renewal grant funds to be paid to cities which already have urban renewal projects. The funds would be used to pay for cultural centers, civic centers, and huge stadiums—not to make possible additional housing for low-income people.

These special provisions would preempt urban renewal funds to pay for luxury items of communities which are already benefiting from participation in the urban renewal program. This would constitute the most drastic discrimination against the many localities in the country which would be deprived of an opportunity to participate in the urban renewal program. It would take money the Congress has earmarked for the elimination of slums and blight and convert it to the financing of huge civic and cultural monuments, baseball stadiums and the like. It would move directly away from the very desirable objective of the Committee that we place greater emphasis on residential construction in urban renewal areas.

Approval of these 48 special provisions would severely hamper the demonstration cities program—the most important and socially necessary legislative item in the Committee bill—by severely limiting the number of new urban renewal projects that could be approved to help provide low-income housing as part of a demonstration program.

Sincerely yours,

ROBERT C. WEAVER.

SEPTEMBER 13, 1966.

HON. ROBERT C. WEAVER,
Secretary of Housing and Urban Development,
Washington, D.C.

DEAR MR. SECRETARY: In reporting favorably the "Demonstration Cities and Metropolitan Development Act of 1966," the House Banking and Currency Committee has, as you know, retained with an amendment section 701 from the Senate-passed housing bill. In the haste and confusion attendant upon approving this legislation, I am concerned that the committee did not devote adequate consideration to the import and potential consequences of this section. I would greatly appreciate it, therefore, if you would furnish me—at your earliest convenience—with a detailed analysis of section 701 together with your views as to its impact on the future of the urban renewal program with special reference to the limited funds authorized for the program and the program's primary emphasis on residential construction.

In this regard, I refer to your recent letter to Chairman PATMAN expressing your strong opposition to the special non-cash grant-in-aid exceptions contained in section 704 of the committee's draft housing bill. It would seem to me that your objections to these special provisions or subsidies would apply with at least equal force to section 701. As I interpret this section, it would open up to all communities having urban renewal projects the same extra benefits or subsidies which the 52 special exception provisions

proposed to give a selected number of communities—though at a rate reduced from 100% to 25%. If my interpretation is correct, therefore, the very same 52 special projects which we succeeded, with your help, in striking from the committee's draft bill would become eligible (at the 25% rate) as local grants-in-aid. But, even more important, every similar project in every other urban renewal community would also be entitled to this generous treatment.

Even at the reduced rate, the impact of such a provision of law on both the cost and the character of urban renewal is awesome to imagine. Using your own estimate of \$8.7 billion as the cost, in terms of additional demand for capital grant funds, of extending special treatment to all active urban renewal projects, reducing this figure to 25%, and limiting it to those public facilities begun within three years of the date of enactment of the present housing bill, it would seem reasonable to suppose that the cost of section 701 could quickly approach \$2 billion. As you point out, too, these are conservative figures which, "not inconceivably," could double before the facilities are in place. Furthermore—and I again refer to our mutual concern about retaining and strengthening the residential housing character of the urban renewal program—by diverting such a huge amount of capital grant funds (assuming Congress could be persuaded to authorize them) to non-residential purposes, the fundamental nature of urban renewal would be drastically changed. And it would be changed without Congress ever having seriously considered what it was doing and in the face of overwhelming evidence of the need to employ urban renewal more effectively in order to reduce the growing shortage of decent low- and middle-income residential housing in the nation's urban areas.

Considered in the light of these potential consequences, this simple little section 701 begins to assume the aspect of a pretty horrible example of bad legislation. I recognize that these are speculations on my part—though I suggest they have considerable validity—and so I am coming to you for the information and professional judgment I require. In the event, however, that my fears are even partially valid, I would hope you will join with me in vigorously opposing what could become a most serious setback to what is probably the most valuable urban area program we have.

May I also, in closing, express my appreciation for the candor and vigor with which you communicated your objections to the projects in the proposed section 704. I would hope that our success in striking this attempted raid on the Treasury from the committee-reported bill augurs well for similar success in preserving the urban renewal program as Congress intended it to be and as the people need it.

Thank you very much for your cooperation.

Sincerely yours,

FLORENCE P. DWYER,
Member of Congress.

THE SECRETARY OF HOUSING AND
URBAN DEVELOPMENT,
Washington, D.C., September 27, 1966.

HON. FLORENCE P. DWYER,
House of Representatives,
Washington, D.C.

DEAR MRS. DWYER: This is in reply to your recent letter asking for an analysis of section 701 of S. 3708, as reported to the House, and our views as to its impact on the urban renewal program.

This provision would require certain publicly owned, city-wide facilities used by the public for cultural, exhibition, civic or municipal purposes to be deemed to benefit an urban renewal project to the extent of 25 percent of the cost of the facility. The provision originated in the Senate and, as

passed by the Senate in S. 3711, its benefits were limited to facilities used by the public for cultural, exhibition, or civic purposes. Section 701 of the bill reported to the House would extend the provision to include facilities used by the public for municipal purposes.

As passed by the Senate, the provision was designed to establish a uniform method of providing noncash grant-in-aid credit for expenditures made in connection with certain city-wide facilities which serve the objectives of specific urban renewal projects. The report of the Committee on Banking and Currency to accompany S. 3711, which makes clear the purpose of the provision, states:

"In recent years there has been an increasing municipal concern for the provision of public facilities for cultural, exhibition, and civic purposes. Under present regulations, such facilities are entirely excluded from consideration as noncash grants-in-aid because they serve the entire city and are not of special benefit to the project areas.

"In the case of public facilities intended for cultural, exhibition, or civic purposes there appears to be a different relationship to urban renewal projects than is the case with the more traditional municipal facilities. These facilities serve as centers of attraction for people from the entire urban area and bring a vitality to the project area as well as to a large surrounding area. In creating that vitality, they serve urban renewal objectives in a different way than the normal municipal facility, but they are equally important from the standpoint of serving the project area and creating an appropriate environment.

"The provision recommended by the committee assigns a 25-percent apportioned benefit for such facilities which are within, adjacent to, or in the immediate vicinity of one or more urban renewal projects. This apportionment would continue to recognize that while such facilities do serve the project area in some measure, they also serve a much broader need. It was felt that a 25-percent fixed apportionment of benefits between the project and the city as a whole provided a reasonable measure of the extent which such facilities generally serve several objectives. Consideration was given to estimating the benefits on a case-by-case basis, but this was rejected because of the difficulties inherent in trying to establish a precise measure of benefit.

"While the legislative language is quite broad, the committee wishes to make clear that it had very specific types of facilities in mind. It intends this provision to apply to public auditoriums, concert halls, theaters, central libraries, museums, exhibition halls, art galleries, band shells, settings for historical sites, meeting halls and similar facilities for general use. It does not intend this provision to apply to facilities associated with normal governmental functions, such as city halls, municipal office buildings, or courthouses, nor should it be applicable to facilities provided principally for athletic or recreational purposes, such as stadiums, gymnasiums, or skating rinks."

Extension of this 25 percent noncash grant-in-aid provision to facilities used by the public predominantly for "municipal" purposes is obviously inconsistent with the purpose underlying the provision as it was proposed to, and adopted by, the Senate. City-wide facilities associated with normal governmental functions serve the city—not a specific urban renewal project area. Moreover, rough preliminary estimates indicate that extension of the provision to facilities used for municipal purposes would more than double the amount of noncash credit that could be generated by it.

We have made strenuous efforts to determine the cost of this provision and have

undertaken surveys of citywide facilities which would be made eligible for credit in a wide sampling of cities. It is extremely difficult, however, to obtain meaningful estimates of the impact of either the House or the Senate provision on the existing urban renewal authorization. Over 800 cities are presently participating in the urban renewal program. To estimate the impact of the provision in each city, it would be necessary to determine whether a citywide facility, eligible for credit under the criteria of the provision, has been constructed, is under construction, or is to be constructed in sufficient time to be related to an existing urban renewal project.

The information needed for this purpose does not appear in any existing application or material filed with the Renewal Projects Administration, and in each case it would have to be obtained on the basis of the best knowledge available to local people. Moreover, once the citywide facility is identified, reasonable estimates as to the cost of the facility could vary greatly.

In addition, many of the cities which could claim additional credit because of the provision have no immediate need for it—i.e., their project financing plans already identify sufficient noncash credit to cover their required share of the cost of existing urban renewal projects. Other cities, which would appear to be able to immediately utilize the credit, may not do so since they have other sources of noncash credit available to them which they have not yet utilized. It is impossible, therefore, to determine the extent to which the new noncash grants-in-aid generated by this provision would be immediately utilized by such cities. On the other hand, the availability of this additional credit may induce an indeterminate number of cities to submit amendatory applications substantially increasing the cost of projects already approved.

For these reasons, it is impossible to make any meaningful estimate of the charge against the urban renewal authorization that will immediately result from enactment of either the House or Senate provision.

It is clear, however, that either provision would ultimately be costly—both in terms of dollars and in terms of the emphasis of local urban renewal programs. There is a real danger that this provision would induce cities to delay projects which provide additional low- and moderate-income housing and undertake instead downtown urban renewal projects which would benefit from the additional credits provided by this provision.

In many cities this provision would generate great amounts of noncash grant-in-aid credit available only for pooling. This might result in many public facilities useful to the proper development of an urban renewal project no longer being provided as a non-cash grant-in-aid because these cities would already have sufficient pooling credits to meet a large portion of the required local share of their future urban renewal projects.

I believe the potentially harmful effects of this provision could be greatly reduced without changing its essential purpose.

First, the extension of the provision to facilities used for municipal purposes could be eliminated. The extension is inconsistent with the underlying purpose of the provision. Citywide facilities used for municipal purposes are in no way related to undertaking a specific urban renewal project, and in almost every case would have been constructed by the city whether or not a specific urban renewal project was undertaken.

Second, the pooling privileges could be eliminated with respect to the grant-in-aid credit generated by the provision. This would avoid the danger that a large amount of such pooling credits might have a harmful effect (1) on the emphasis of local urban renewal programs and (2) on the provision

of schools and other desirable facilities usually constructed by cities as noncash contributions to a project.

If these changes are made in the provision, the grant-in-aid credit generated by the citywide facilities would still be available to the extent the city needs them for the specific urban renewal project which the facilities are deemed to benefit.

Your interest in this matter again demonstrates your concern that the urban renewal program effectively serve the needs of our Nation's cities. I am most grateful for your efforts to maintain and improve our urban programs and I look forward to your continued cooperation.

Sincerely yours,

ROBERT C. WEAVER.

(Mrs. DWYER asked and was given permission to revise and extend her remarks.)

Mr. ASHLEY. Mr. Chairman, I rise in opposition to the amendment.

It is with some reluctance that I rise to oppose the amendment of the gentlewoman from New Jersey. I do so only because I feel her motion to strike goes too far.

The amendment I offered a few minutes ago sought to limit the scope of section 701, but of course it did not go so far as to eliminate the section in its entirety. That would be the effect of the amendment of the gentlewoman from New Jersey.

Were this to be adopted, we should understand that the provision adopted by the other body after full hearings—which did not meet the objection, to the best of my knowledge, of the Department—which includes 25 percent non-cash credit for communities building certain facilities for communitywide use, would not be able to be taken as a non-cash credit against the local share of urban renewal projects. This would have a vast impact on the plans and projects of many communities throughout the length and breadth of our land.

For that reason I oppose the amendment, and I hope I will be joined by my colleague in opposing the amendment.

Mr. WELTNER. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I am happy to yield to my friend from Georgia.

Mr. WELTNER. Mr. Chairman, I wish to associate myself with the remarks of the gentleman from Ohio. I should like to state that section 701 would not diminish the amount of local funds which would have to be expended. It would simply be a matter of crediting certain worthwhile expenditures toward the local share.

There are certain instances that arise which show the rigid rules we have are of necessity not quite in accord with reality. For instance, if within an urban renewal area a neighborhood auditorium were constructed, under the present law it would be eligible now as a noncash credit. If it serves a small area or if it serves a small number of people, it is eligible. Under section 701, if it is serving a greater number of people or a greater area, it would be eligible for a 25-percent credit of the amount expended.

Mr. ASHLEY. Or greater.

Mr. WELTNER. Up to 25 percent of the cost.

Mr. ASHLEY. A minimum of 25 percent but more if it benefits the project area to a greater extent.

Mr. WELTNER. I thank the gentleman for yielding. I think that point needs to be raised. It is not a grant as such but is a credit. It does not diminish the amount of money being spent by the local communities in developing all of their facilities for the benefit of the local people.

Mr. ASHLEY. I think the gentleman made a good point.

Mr. BRADEMAs. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Indiana.

Mr. BRADEMAs. I want to associate myself as well with the remarks just made by the distinguished gentleman from Georgia, and I urge defeat of the amendment.

(Mr. BRADEMAs asked and was given permission to revise and extend his remarks.)

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman.

Mr. BOLAND. Can the gentleman give us any idea as to what it would cost the Government? This noncash credit would have to be made up by a more substantial contribution by the Federal Government, would it not?

Mr. ASHLEY. That is assuming the noncash credits are accepted with regard to a project and that project on the part of a community is approved by the department. As a matter of fact, to answer the gentleman from Massachusetts directly, the department did not come up with any specific figures but did indicate adoption of the total provision for structural as well as municipal facilities in allowing all of these as noncash credits would have a significant impact on the program. For that reason I offered the amendment I did a few moments ago.

Mr. BOLAND. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from New Jersey [Mrs. DWYER].

The question was taken; and on a division (demanded by Mrs. DWYER) there were—ayes 35, noes 52.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. HANNA

Mr. HANNA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HANNA: Page 64, after line 12, insert the following new section:

"EXTERIOR LAND IMPROVEMENTS UNDER COOPERATIVE HOUSING MORTGAGES

"SEC. 305. Section 213(b)(2) of the Housing Act is amended by striking out 'as defined by the Commissioner' and inserting in lieu thereof 'as defined by the Secretary, and the increase in the value of the land subject to the mortgage by reason of off-site special improvements, as defined by the Secretary, which are for the use and benefit of the occupants of the mortgaged property.'"

[Mr. HANNA addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. HANNA].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. REES

Mr. REES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. REES: On page 62, between lines 2 and 3, insert a new section as follows:

"AREAS AFFECTED BY CIVIL DISORDERS

"SEC. 302. (a) Section 203 of the National Housing Act is amended by adding after subsection (1) (added by section 101 of this Act) a new subsection as follows:

"(m) The Secretary is authorized to insure under this section any mortgage meeting the requirements of this section, other than the requirement in subsection (c) relating to economic soundness, if he determines that (1) the dwelling covered by the mortgage is situated in an area in which rioting or other civil disorders have occurred or are threatened, (2) as a result of such actual or threatened rioting or other disorders the property with respect to which the mortgage is executed cannot meet the normal requirements with respect to economic soundness, and (3) such property is an acceptable risk giving due consideration to the need for providing adequate housing for families of low and moderate income in such area."

The CHAIRMAN. The gentleman from California is recognized for 5 minutes in support of his amendment.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from Texas.

Mr. PATMAN. Mr. Chairman, the intentions of the amendment of the gentleman from California are very desirable. It is my understanding that the Federal Housing Administration would administer it. The Members on our side are willing to accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. REES].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. WIDNALL

Mr. WIDNALL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WIDNALL: On page 102, after line 4, insert the following new section:

"ADDITIONAL REQUIREMENTS FOR REDEVELOPMENT OF URBAN RENEWAL AREA

"SEC. 704. (a) Section 105 of the Housing Act of 1949 is amended by adding at the end thereof (after the new subsection added by section 703 of this Act) the following new subsection:

"(g) The redevelopment of the urban renewal area, unless such redevelopment is for predominantly nonresidential uses, will provide a substantial number of units of standard housing of low and moderate cost and result in marked progress in serving the poor and disadvantaged people living in slum and blighted areas."

"(b) The amendment made by subsection (a) shall apply only in the case of contracts for loans or capital grants which are made with respect to urban renewal projects undertaken pursuant to urban renewal plans approved after the date of the enactment of this Act."

The CHAIRMAN. The gentleman from New Jersey [Mr. WIDNALL], is recognized for 5 minutes in support of his amendment.

Mr. WIDNALL. Mr. Chairman, the amendment is the one that I sent to every Member of the House with a covering letter and called their attention to the fact that I would offer it on the House floor. I think it is an important amendment.

If the Members truly believe in a demonstration cities bill, it seems to me that this should become part of the law at the same time so that you can have a true demonstration of what can be done to aid the low income and moderate income housing for the people in such circumstances.

We have had urban renewal on the statute book since 1949 as the Committee all know. In connection with residential development which was intended to provide a decent home and a decent living environment to the low-income citizens or the underprivileged who were the slum dwellers, it has failed to do the job. We have wandered far afield from the original purpose.

This amendment would not curb having a commercial redevelopment for other purposes. It merely says that in cases of a residential redevelopment, there shall be a substantial supply of low and moderate housing in any replacement construction that is undertaken.

I think that if we are to attack the hard core areas, and certainly the arguments for a demonstration cities bill indicate that, to make it truly meaningful, you have got to do the same job in using your regular urban renewal in the residential areas for the low-income citizens.

It is not anything that wanders afield from the announced purposes of the bill that we are considering. I believe we can do a great deal to be helpful by concentrating the effort in both areas of approach.

It seems to me that we are likely to not give this the full consideration it deserves because we are late in the session, and it is late tonight, and we are all anxious to get through and to go home and do the things that we have to do back in our districts.

This has been discussed for some time. I have offered the amendment before. Others in the Congress have been offering amendments of a like nature in the past.

Our colleague, the gentleman from New York [Mr. FARBERSTEIN] is seeking recognition. I know of his longtime interest.

Mr. FARBERSTEIN. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman.

Mr. FARBERSTEIN. Do I understand that your amendment requires that on every project low- and middle-income housing be part of every proposed development?

Mr. WIDNALL. In future residential projects, that there shall be a substantial supply of low and moderate housing

in any replacement construction that is undertaken.

Mr. FARBERSTEIN. So far as I am concerned, I would restrict all housing under Federal aid to low and middle income.

I would not permit any luxury housing to be aided by any Federal money because there is no reason for it.

Under the circumstances, it would seem to me the gentleman's amendment is a very salutary amendment and I favor it.

Mr. WIDNALL. Mr. Chairman, I will not speak further on this amendment. I think most of the Members are pretty well acquainted with it.

I hope my amendment receives the overwhelming support of the committee.

Mr. RYAN. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman.

Mr. RYAN. As one who has offered amendments to previous housing bills and introduced legislation which would require that title I funds be used for low-income and moderate-income housing and not for luxury housing, I think it is a meritorious amendment and should be supported. I have constantly fought against the use of title I land for luxury housing.

Mr. WIDNALL. I thank the gentleman.

The CHAIRMAN. For what purpose does the gentleman from Ohio [Mr. ASHLEY], a member of the committee, rise?

AMENDMENT OFFERED BY MR. ASHLEY

Mr. ASHLEY. Mr. Chairman, I offer an amendment as a substitute for the amendment offered by the gentleman from New Jersey [Mr. WIDNALL].

The Clerk read as follows:

Amendment offered by Mr. ASHLEY as a substitute for the amendment offered by Mr. WIDNALL: On page 102, after line 4, insert the following new section:

"LOW AND MODERATE INCOME HOUSING IN URBAN RENEWAL PROJECTS

"SEC. 704. (a) Section 105 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

"(g) Before approving assistance for any urban renewal project under this title, the Secretary shall determine that the urban renewal program in the locality includes, or will include, a substantial increase in the supply of standard housing within the means of families of low or moderate income."

"(b) The amendment made by subsection (a) of this section shall apply only in the case of contracts for loans or capital grants which are made with respect to urban renewal projects undertaken pursuant to urban renewal plans approved after the date of the enactment of this Act."

Mr. ASHLEY. Mr. Chairman, the essential purpose of the amendment offered by the gentleman from New Jersey and the substitute that I have offered is much the same.

I am constrained to offer my substitute amendment, Mr. Chairman, because I feel that the Widnall amendment goes so far in its effort to achieve a good purpose that no administration flexibility would remain.

May I take just a moment to point out the difference between his amendment and my substitute amendment.

What the amendment offered by the gentleman from New Jersey [Mr. WIDNALL] says is that in the future in each and every residential renewal project there must be a substantial number of units of standard housing of low or moderate cost and that the result must be marked progress in serving the poor and disadvantaged people living in the slum and blighted areas.

My substitute does not require that there be this infusion of new housing for low and moderate income families in each and every project.

On the contrary, what my amendment says is that before any residential renewal project can be approved, there must be a substantial increase in the supply of standard housing provided by the urban renewal program of the community.

What I am getting at is this, suppose there is a project comprising two or three blocks, a small project area. The city indicates that it has a renewal plan, and that outside the project area there is going to be constructed substantial numbers of housing units for low- and moderate-income families. Then I say, Mr. Chairman, should we insist, inasmuch as this construction is going on outside the project area but within an urban renewal plan, that there be this construction of low- and moderate-income housing within the two- or three-block project area itself?

What we are really saying is that regardless of the plans for housing for low- and moderate-income families, regardless of a renewal plan, if we breakdown the number of urban renewal projects within a city, it will be necessary for each to comply with the amendment of the gentleman from New Jersey [Mr. WIDNALL].

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I am happy to yield to the gentleman from New Jersey.

Mr. WIDNALL. I do not believe that the gentleman's proposal would have any material effect for 5 or 6 years, because you would have to go all the way back to the very first step that was taken by urban renewal within the cities, and it certainly seems to me that there would be delay, delay, and delay in effectiveness of the amendment.

I would also like to call attention to the fact that it does not define the area.

Mr. ASHLEY. Mr. Chairman, I decline to yield further only for this reason: I want to point out to the gentleman from New Jersey that section (b) of his amendment and my substitute are identical with respect to when the provision takes place. I would say with regard to the substantive aspect of my substitute that, the Secretary must determine that the urban renewal program in the locality includes a substantial increase in the supply of standard housing for families of low and moderate income.

Mr. FARBSTEIN. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from New York.

Mr. FARBSTEIN. Does your amendment presuppose the fact that an urban renewal area will contain projects other than dwellings?

Mr. ASHLEY. I would say to the gentleman that you can have a general renewal area, and in one area you will have a project that is residential, next to it you may have a commercial project, and next to that you may have again a residential area. This is why I say the thrust of the amendment of the gentleman from New Jersey imposes an inflexibility on the program that is clearly not within the best interests of the country.

Mr. BARRETT. Mr. Chairman, I rise in support of the substitute. I do not think there is anyone in the House who is more inclined to want low-income housing than I. But I do think that the amendment offered by the gentleman from New Jersey is too rigid. It should have some flexibility in it. This substitute does not change the character of the area, but it does give them flexibility to do what they think is in the best interests and, by the same token, give them low- and moderate-income housing.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I yield to the gentleman from New Jersey.

Mr. WIDNALL. I think it should be said that the argument that has been used for the existing urban renewal program ever since 1949 is that you have got to preserve flexibility in the program, and it has been so flexible that we have gotten no cure for the hard-core areas of the cities.

What I want to do is concentrate the effort for at least the next few years in the areas of greatest need, particularly when it is a residential project. I am not talking about combined projects or commercial projects, but the residential projects. There should be a substantial increase.

The amendment offered by the gentleman from Ohio would not limit the impact to a specific area in the city. It could be any part of the city, with vague promises from the administrator of the program that he is going to do something in another area in order to help those people in the area of urban redevelopment.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I yield to the gentleman from Ohio.

Mr. ASHLEY. I should like to ask the gentleman from New Jersey if he would agree to this statement? We have both been concerned with this problem for some time. We have never been entirely in agreement, but we have been substantially so. His amendment would go further than mine.

Would the gentleman not agree that my amendment represents a considerable improvement over existing law?

Mr. WIDNALL. We are not sure. We believe there is still too much flexibility in it, and the administrator could do what has been done in the past and channel the funds in a direction which is not going to hit hard-core problems of the cities. I believe this has reached the

point that we have to concentrate our efforts and not spread it too thin.

Mr. BROOMFIELD. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I am glad to yield to the gentleman from Michigan.

(Mr. BROOMFIELD asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. BROOMFIELD. Mr. Chairman, I rise in support of the amendment offered by the gentleman from New Jersey [Mr. WIDNALL].

The amendment he has offered would help put the urban renewal program back on the path from which it strayed so many years ago, and that is to provide the means by which low- and middle-income families can obtain decent housing.

In far too many cases, urban renewal has been more interested in removing people from the areas it encompasses than in providing decent housing for them.

It is no wonder that we have explosive social situations in our cities when those who are supposed to be helped by this program find, that instead of being used as it should, as a tool to assist them, it is being used as a weapon against them.

I support the gentleman's amendment with enthusiasm. I have an amendment which has a similar purpose to the one introduced by the gentleman from New Jersey, and which I will submit later in the evening.

Passage of the Widnall amendment would, in my estimation, be a large step toward a goal which has been too long ignored and forgotten.

Mr. BARRETT. Mr. Chairman, I hope the substitute amendment will be supported.

Mr. DOWDY. Mr. Chairman, I move to strike the last word.

As I understand it, when the urban renewal law was passed the purpose was to eliminate slums and to give to the people living in the slums better housing in which to live.

I do not know which one of these two proposals will come closer to accomplishing the purpose, but I believe the original amendment would.

As chairman of a subcommittee dealing with the District of Columbia, I learned from investigations that several hundred thousand dollars had been spent in urban renewal here, and thousands of homes were destroyed in the so-called slum areas. Luxury construction was put up in place of the destroyed homes. No one who lived in the area could even afford to rent a broom closet in what was constructed to take the place of the homes that were torn down.

In the District of Columbia, in urban renewal areas, there has not been one unit—not one—either of low- or medium-income housing built in place of it.

If the amendment of the gentleman from New Jersey [Mr. WIDNALL], would mean there would be at least a few low-income or medium-income housing units built in place of what is torn down, it ought to be adopted.

As I listened to the substitute amendment that was offered, it appeared to me

it would leave the same discretion in the local redevelopment agencies as they have now, and there would not be any low- or medium-income housing built in any urban renewal area if the substitute were adopted.

I do not know whether the Widnall amendment would help much, but the way the thing has been run in the past, using the District of Columbia as an example, the result has been not one unit of low- or medium-income housing built. It has all been luxury, and only the wealthiest people can live in it. Not many Members of Congress could afford to live in these luxury buildings of the urban renewal areas. I trust the Widnall amendment shall be adopted, and I support it.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Ohio [Mr. ASHLEY].

The substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. WIDNALL].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BROCK

Mr. BROCK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BROCK: On page 66, line 6, strike out "Single".

On page 66, line 7, insert "(a)" after "Sec. 308."

On page 66, after line 14, insert the following:

"(b) Section 221(f) of such Act is further amended by adding at the end thereof (after the sentence added by subsection (a) of this section) the following new sentence: 'For purposes of determining eligibility for occupancy of dwelling units in a project financed with a mortgage insured under subsection (d)(3) which receives the benefits of the interest rate provided for in the proviso in subsection (d)(5), a family or person with an annual income of more than \$7,500 shall in no case be considered to be a family or person of low or moderate income.'"

Mr. BROCK. Mr. Chairman, the amendment I have just offered would place a maximum family income ceiling of \$7,500 per year on families who are eligible to have their rents subsidized by the Federal Government.

According to the Census Bureau the median family income in the United States today is around \$6,800. It is my understanding that in no section of the country does the median family income exceed \$7,500.

When the below-market interest rate rent subsidy program was enacted in 1961 there is no question that Members of Congress were led to believe that it was to benefit primarily lower income families. On June 8, 1961, page 9193 of the RECORD, Senator SPARKMAN referred to the provision in the then pending housing bill which created this program as "representing a phasing out of the public housing program as we have known it in the past." Shortly thereafter, during the Senate debate, this provision was eliminated from the bill. Subsequently, the below-market interest rate rent subsidy program was restored. During that debate it was again reiterated that this program represented a phasing out of the public housing program and Mem-

bers of the Congress were led to believe that this would primarily be for low- and moderate-income families.

Let me quote from another portion of that debate. It was said by the Senator from Alabama:

The purpose of this program is to phase out that part and to try to find some other plan for low income housing which would be less costly to the government and more satisfactory to the people and which they can afford.

Mr. Chairman, it is clear to me that Members of Congress were misled in believing that this below-market interest rent subsidy program was to: First, replace public housing; and second, to provide housing for low- and moderate-income families.

As of last month this rent subsidy program is committed to spending \$1.4 billion through FHA insurance at below-market interest rates for both new and existing construction.

I have in my hand the list of maximum income limits for occupancy under this below-market interest rate rent subsidy program issued by FHA in June of this year. Let me give you just a few of the maximum income limits permitted under this program for families with three children:

In Anaheim, California \$9,700 annual income.

San Diego, California \$9,900.

District of Columbia \$9,350.

Honolulu \$10,300.

Chicago \$9,850.

Portland, Maine \$8,300.

Boston, Mass. \$8,400.

St. Louis, Missouri \$9,200.

Concord, N.H. \$9,150.

Patterson, N.J. \$9,150.

Portland, Oregon \$9,200.

Charleston, W. Va., \$8,400.

New York City, \$9,450.

Petersburg, Alaska, \$12,550.

Mr. Chairman, these are just a few of the maximum annual family income limits permitted by FHA to benefit from a multibillion-dollar Federal rent subsidy program, and these figures do not include certain extra income that is not counted for purposes of determining eligibility.

Currently, there are more of these below-market interest rate rent subsidy projects being built than there are public housing units. Only last year an overwhelming majority of this House voted to restrict the latest addition of the rent subsidy program to families whose incomes do not exceed public housing maximum income limits—in most cases \$4,000 per year. How can we do less here?

It is regulations such as these which greatly exceed congressional intent that caused so many Members of this House to vote against last year's rent subsidy program. Many of us knew that the Department of Housing and Urban Development really wants to use that program for middle-income families as well.

In this period of tight mortgage credit where millions of families earning \$6,000 or \$7,000 per year income cannot get private loans to build their own houses because of competition in the private credit market from Federal programs such as this, how can we justify a multibillion-dollar Federal rent subsidy pro-

gram benefiting families earning \$2,000 and \$3,000 per year more than the median family income in the United States?

My amendment would not immobilize this program. On the contrary, my amendment does not even place a ceiling as low as the current median family income in the United States. My amendment would still leave administrators of the program ample opportunity to permit extra uncounted income over and above \$7,500 per year. But my amendment would prevent families earning \$8,000, \$9,000, \$10,000, \$11,000, and \$12,000 per year from benefiting from a massive Federal rent subsidy program, while millions earning less than \$5,000 per year do not receive any Federal housing benefits whatsoever.

Mr. Chairman, I invite all the Members of the House to come over to the committee table and inspect the list of maximum family income limits in their own districts. I am sure that if you do, you will be as shocked as I was. These below-market interest rate apartment units yield an indirect Federal subsidy of between \$20 and \$30 per month to eligible families.

There is no excuse for this type of abuse of congressional intent.

I earnestly ask for your support in my effort to get this program back to where it will benefit truly low- and moderate-income families. To do less would be inexcusable.

Mr. FARBSTEIN. Mr. Chairman, will the gentleman yield?

Mr. BROCK. I yield to the gentleman from New York.

Mr. FARBSTEIN. Mr. Chairman, is there any limitation upon the number of children in the family, a family whose only income amounts to \$150 a week?

Mr. BROCK. Mr. Chairman, the limitation is, of course, dependent upon the number of children, and that would vary.

Mr. FARBSTEIN. And, Mr. Chairman, if the gentleman from Tennessee will yield further, if a family has an income of \$7,500, without a limitation on the number of children—

Mr. BROCK. That is correct. The top limit regardless of number of children would be \$7,500 in income.

Mr. FARBSTEIN. And if a family has eight children, under the proposed amendment which has been offered by the gentleman from Tennessee it would, if adopted, only permit an income of \$7,500? This is unrealistic; do you not think so?

Mr. BROCK. Regardless of area, regardless of children, no family could qualify for interest subsidy if its income exceeded \$7,500. The limit is now \$6,000 in many communities of the United States, and this would not be effected by my amendment. It merely sets a maximum ceiling.

And, Mr. Chairman, unless we limit income allowed a family receiving a subsidy—I am talking of a family unit of five or six, a mother and father and three or four children—unless we limit it to \$7,500, the people who have poverty level incomes will not obtain assistance under this program. In other words, today's bill permits subsidies to people with incomes of \$10,000, \$11,000, or \$12,000.

Mr. Chairman, it seems to me it is only the better part of wisdom to limit the application of this program to those whose incomes do not exceed the national medium by more than 10 percent. I do not believe this is unreasonable.

Mr. Chairman, I ask the support of the Committee of the Whole House on the State of the Union for my amendment.

Mr. ASHLEY. Mr. Chairman, I rise in opposition to the amendment.

(Mr. ASHLEY asked and was given permission to revise and extend his remarks.)

Mr. ASHLEY. Mr. Chairman, I simply want to say that the committee has heard no testimony upon this proposal.

Mr. Chairman, the gentleman's amendment as proposed does not take into account the size of a family unit. Furthermore, this is the first indication of interest which I know about on the part of the gentleman from Tennessee [Mr. BROCK] as manifested in his proposed amendment. It is the first indication to the committee of the gentleman's interest.

Mr. Chairman, I would simply suggest, in view of the fact that the gentleman from Tennessee did not bring it before the Committee on Banking and Currency, the amendment should be voted down at this time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee.

The amendment was rejected.

AMENDMENT OFFERED BY MR. SIKES

Mr. SIKES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SIKES: On page 125, after line 12, insert the following new section:

"LEASING OF FACILITIES FOR HOUSING BACHELOR MILITARY PERSONNEL

"SEC. 914. Notwithstanding any other provision of law, the Secretary of a military department may acquire by lease in the United States, its territories or possessions, structures and real property relating thereto that are not located on a military base and that are needed for housing bachelor military personnel. A lease under the authority of this section may not be for a period of more than fifteen years."

And renumber the succeeding sections accordingly.

The CHAIRMAN. The gentleman from Florida [Mr. SIKES], is recognized for 5 minutes in support of his amendment.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. SIKES. Mr. Chairman, I yield to the distinguished gentleman, the chairman of the committee.

Mr. PATMAN. Mr. Chairman, the members of the full committee and I have discussed this amendment fully, and we are thoroughly familiar with it. We have no objection to it and we would be glad to accept it if it is agreeable to the minority.

Mr. BROCK. Mr. Chairman, if the gentleman would yield, I would appreciate the gentleman explaining the amendment.

Mr. SIKES. Mr. Chairman, I will be happy to do so.

This would constitute a voluntary program. It carries no appropriation. It would stimulate private industry by making it possible for suitable quarters to be erected for bachelor military personnel by private individuals whose investment would have the protection of a lease for a scheduled period not to exceed 15 years. Presumably the quarters allowance would pay for the program.

As everyone here knows, there is a serious deficit in the number of adequate on-base quarters for military personnel at the present time. A great many military personnel have to live in very substandard facilities. At the present rate that we are replacing the substandard quarters with modern facilities, it is going to take a lifetime to give them a decent place to live. My proposal would bring in the resources of private industry in an effort to speed up that process.

Mr. BARRETT. Mr. Chairman, I ask unanimous consent that we vote immediately on the amendment.

Mr. WIDNALL. Mr. Chairman, may I ask, did the chairman of the subcommittee say he would accept the amendment?

The CHAIRMAN. Yes, he did.

Mr. WIDNALL. We will accept it on this side.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. SIKES].

The amendment was agreed to.

AMENDMENT OFFERED BY MRS. DWYER

Mrs. DWYER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. DWYER: Page 102, after line 4, insert the following new section:

Requirement of Referendum on Proposed Urban Renewal Projects in Communities of 150,000 or Less

"SEC. 704. Section 101 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

"(f) Notwithstanding any other provision of this title, no contract shall be entered into for a loan or capital grant under this title with respect to any urban renewal project to be carried out in a municipality having a population of 150,000 or less according to the most recent decennial census less such project shall have been submitted to the inhabitants of the municipality and approved by a majority of them in a referendum held for that purpose by the local governing body."

The CHAIRMAN. The gentlewoman from New Jersey [Mrs. DWYER] is recognized.

Mr. PATMAN. Mr. Chairman, will the gentlewoman yield for a unanimous-consent request, and I hope it will not be taken out of her time.

Mrs. DWYER. I yield to the gentleman.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that all debate on the bill, and all amendments thereto, close in 30 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. DINGELL. I object.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that all debate on the bill, and all amendments thereto, close in 35 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas [Mr. PATMAN]?

Mr. DINGELL. Mr. Chairman, I object.

Mr. PATMAN. Mr. Chairman, I move that all debate on the bill, and all amendments thereto, close in 40 minutes.

The CHAIRMAN. The gentleman from Texas moves that all debate close in 40 minutes, and the Chair takes for granted that this is after the time of the gentlewoman from New Jersey?

Mr. PATMAN. Yes, sir.

The CHAIRMAN. The gentleman from Texas [Mr. PATMAN] moves that all debate on the bill, and all amendments thereto, close in 40 minutes.

Mr. DOW. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state the parliamentary inquiry.

Mr. DOW. Mr. Chairman, does this mean that certain amendments will be eliminated?

The CHAIRMAN. No, no; it does not mean that. It means that all amendments will be read, but if the time has expired, that is if the motion of the gentleman from Texas is adopted, and 40 minutes is the time limit, if that time has been used, then all amendments that have not been called up by that time will be read but they cannot be debated.

Mr. DOW. I thank the Chairman.

Mr. WIDNALL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state the parliamentary inquiry.

Mr. WIDNALL. Mr. Chairman, is it possible to determine the number of amendments that are at the clerk's desk?

The CHAIRMAN. The Chair thinks so. Will the Clerk report to us?

I am advised that there are approximately 23.

Mr. PATMAN. Mr. Chairman, of course, that includes amendments that will not be presented. I know some of these amendments will not be presented. I have some amendments of mine that will not be presented. The gentleman from Tennessee [Mr. ANDERSON] has one that has to do with agriculture which will not be presented. There are many other amendments also.

Some of these amendments will not be contested and some of them will be accepted.

So, Mr. Chairman, I renew my motion.

Mr. ASHLEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state the parliamentary inquiry.

Mr. ASHLEY. Mr. Chairman, I was in the cloak room at the time this request motion was made. I have an amendment. Am I counted among those who have amendments at the desk?

The CHAIRMAN. We have not counted anyone. The Chair has just stated that there are so many amendments at the Clerk's desk. And if the gentleman has an amendment at the Clerk's desk it has been included in the number.

The question is on the motion offered by the gentleman from Texas [Mr. PATMAN] that all debate on the bill, and

all amendments thereto, close in 40 minutes.

The motion was agreed to.

The CHAIRMAN. I am sure that all Members who are standing are not seeking recognition. Will those seeking recognition remain standing so that the Clerk can note their names.

Mr. O'NEILL of Massachusetts. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. O'NEILL of Massachusetts. Mr. Chairman, in what order will the Chair recognize Members to offer their amendments?

The CHAIRMAN. That is up to the Chairman. The Chair always recognizes Members in a difficult situation like this by seniority and, of course, going from one side to the other, naturally.

Mr. IRWIN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. IRWIN. Mr. Chairman, will Members who have amendments at the desk be recognized before other Members?

The CHAIRMAN. Oh, yes. As far as the Chair is concerned, any Member who has an amendment here—and, of course, this is not a necessary procedure—but the Chair assures you that the Chair will recognize Members who have an amendment at the desk before recognizing Members to strike out the last word. It is not necessary but I will so rule.

Mr. DEL CLAWSON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DEL CLAWSON. Will members of the committee be recognized before other Members?

The CHAIRMAN. Members of the Committee on Banking and Currency, under the rules, will be recognized before any other Member.

Mr. DEL CLAWSON. I thank the Chair.

The CHAIRMAN. If they have amendments at the desk.

The Chair observed standing Mr. HARVEY of Michigan, Mr. O'NEILL of Massachusetts, Mr. WIDNALL of New Jersey, Mr. DOWDY of Texas, Mr. DELANEY of New York, Mr. DINGELL of Michigan, Mr. O'BRIEN of New York, Mr. HANNA of California, Mr. PATMAN of Texas, Mr. PICKLE of Texas, Mr. GERALD R. FORD of Michigan, Mr. WILLIAM D. FORD of Michigan, Mr. RUMSFELD of Illinois, Mr. McDADE of Pennsylvania, Mr. BOLAND of Massachusetts, Mr. CAHILL of New Jersey, Mr. BROOMFIELD of Michigan, Mr. DEL CLAWSON of California, Mr. TALCOTT of California, Mr. ANDERSON of Illinois, Mr. STUBBLEFIELD of Kentucky, Mr. REUSS of Wisconsin, Mr. MOORHEAD of Pennsylvania, Mr. BARRETT of Pennsylvania, Mr. FRASER of Minnesota, Mr. IRWIN of Connecticut, Mr. SCHEUER of New York, Mr. DOW of New York, and Mr. HARDY of Virginia.

Is there anyone who is standing and whose name the Clerk did not record?

Mr. DEL CLAWSON. Mr. Chairman, the gentleman from Tennessee [Mr. BROCK] was standing in the aisle. He

had been called for a long-distance telephone.

The CHAIRMAN. We will add the gentleman from Tennessee [Mr. BROCK].

Mr. ASHLEY. Mr. Chairman, I was standing at the time and my name was not called.

The CHAIRMAN. The gentleman from Ohio [Mr. ASHLEY] will be added.

The gentlewoman from New Jersey, who has been very patiently waiting, I might add, is recognized for 5 minutes.

Mrs. DWYER. Mr. Chairman, this is not an antiurban renewal amendment. I have supported urban renewal legislation throughout my service in Congress, and I believe that, wisely administered, urban renewal can make increased contributions toward the rebuilding of urban areas.

As a practical matter, however, there is probably more popular antagonism toward the program today than ever before—the result, in part, of both misunderstanding and of projects poorly designed and carried out. It is necessary, therefore, to renew public confidence in urban renewal.

My amendment would help restore this confidence in several ways:

It would give people an opportunity to vote on specific urban renewal projects in their own communities.

It would force local governing bodies and redevelopment agencies to do a better job of "selling" their local programs in order to win referendums.

It would involve the entire community in the process of making the basic decision on urban renewal, after weighing the pros and cons—and this is supposed to be a fundamental objective of urban redevelopment legislation.

And it would encourage redevelopment agencies to do maximum planning in advance of any referendum in order to justify the project, thereby reducing administrative delays which have been major factors in public disaffection with urban renewal.

A referendum would be required, under my amendment, Mr. Chairman, only in communities with populations of 150,000 or less, for the following reasons:

First, the bigger the city, the higher and more prohibitive the cost of a referendum would be;

Second, a single urban renewal project in a larger city does not directly affect or interest the population as a whole; it is more of a neighborhood problem;

Third, in a smaller community, an urban renewal project would involve the people of the community as a whole, and their vote in a referendum would be meaningful; and

Fourth, many of the most serious urban renewal problems have occurred in smaller communities, so it is here that the protections and benefits of a referendum are most needed, and most feasible.

To my knowledge, only two significant objections have been raised to the referendum requirement: First, the theoretical one that a referendum interferes with the concept of representative government in which elected local officials have the responsibility of making urban renewal decisions, and second, the practical one that most communities would defeat urban renewal referendums.

Neither objection is convincing in my judgment. The country has a long history of submitting public questions to a referendum, including such issues as State constitutional amendments, local school budgets, bond issues, and so forth, as well as urban renewal in certain States and localities. No discernible damage to the principle of representative government has resulted. Nor, judging from the record during the past 3 years of urban renewal, bond issue, and related questions submitted to local referendums, do communities invariably reject them. Of 60 such referendums, in the past 3 or 4 years, 30 have received majorities and 30 have been defeated.

It is a question of trusting the people. As they do in other elections, people tend to vote on the merits of a referendum issue as they see them. I am confident that, given a sound urban renewal plan and the expectation of a competent job of administration, the people will vote accordingly.

In view of the fact that the present bill includes an authorization of \$250 million for urban renewal, over and above existing authorizations, this is an appropriate opportunity to strengthen the urban renewal program by giving the people the right to participate in decisions that have such a fundamental impact on the future of their communities.

I urge the adoption of the amendment.

Mr. DOWDY. Mr. Chairman, I rise in support of Mrs. DWYER's amendment just offered.

Many of the States of the Union give to their communities the privilege of having referendums on questions of this sort. I believe sincerely that the Congress of the United States ought to be as willing to give to the people of the various communities the privilege of deciding for themselves whether they should have an urban renewal project in their city.

We must realize that whenever one of these projects is set up people lose their homes. Their homes are taken without their consent, and in many places and many times they are left without places to live and without a place to go. We have seen that happen here in the city of Washington when a large area was torn down and the people, having no place to go, crowded into another area and made that a worse slum than the one torn down.

I certainly believe, from the depths of my heart, that people who are to lose their homes, many without adequate compensation, should have the right to vote as to whether there is to be an urban renewal project in their city.

Surely anyone who believes in our form of government, and has faith in the intelligence of the American people, will support this amendment offered by Mrs. DWYER. Why should this Congress give any bureaucrat the dictatorial authority to cast American citizens from their homes—particularly when a majority of them object. After all, this amendment merely gives the people the right to vote, and provides that the majority shall prevail.

I urge the adoption of the amendment.

Mr. BARRETT. Mr. Chairman, as much as I dislike doing so, I rise in opposition to the amendment.

I want to point out that this amendment has been brought before the subcommittee and was turned down at that time almost unanimously. We had it before the full Committee on Banking and Currency, and on that occasion it was likewise turned down substantially. This would do a tremendous amount of harm to the urban renewal program. Certainly where there are referendums asked for, it would prevent what we considered in our meeting as doing something that would do the greatest good for the greatest number.

Mr. Chairman, I do hope we can vote this down and vote on it immediately.

Mr. TALCOTT. Mr. Chairman, I rise in favor of the amendment.

Mr. Chairman, I would like to rise in support of this amendment, and because of the situation that is now occurring, which is typical whenever the Committee on Banking and Currency has a bill before the House, and the very limited time, I simply ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. TALCOTT. Mr. Chairman, there are many compelling, general and special, reasons for this amendment to the Housing Act of 1949. I intend to present only a few today.

I am not opposed to the principle of urban renewal. We need to renew our dilapidated urban areas—this is a constant task which should concern and involve every citizen and segment of the community. Blighted areas should be eradicated. Deterioration should be stemmed. One section of our environment cannot be permitted to unnecessarily spoil another. But we must also preserve functional and pleasant residential, business, and industrial areas.

These goals cannot be accomplished without cooperation and some coordination. Urban renewal can provide a vehicle otherwise unavailable—especially when the various private property owners in a substandard section cannot, or will not, get together—in a common effort for the public necessity.

But the urban renewal project must fit and suit the community. Bureaucrats in Washington, far removed from the persons involved, unknowledgeable about the local habits, attitudes, and wishes should not be making the basic decisions.

Individual persons are the most important ingredient of a community. Urban renewal must deal primarily with people—not just with slums, buildings, and property.

Urban renewal must be personal, compassionate—but unfortunately, it has not always been.

Urban renewal should serve the needs of the whole community, but unfortunately, it has not always done so.

Advocates of Federal urban renewal have too often flooded the news media with good intentions and platitudes.

Urban renewal now exists upon large

amounts of public moneys and Government power, but too little public or individual support.

Urban renewal is expensive.

Urban renewal is not a free Federal bonanza. We pay dearly for its through Federal taxes. The local community pays heavily also. Urban renewal projects are not done cheaply. Enormous profits have been made in urban renewal, but not for the community and the taxpayer who cares about the expense.

The typical urban renewal project destroys a great many homes, at least 126,000 between 1950 and 1960; 25,000 of these were in good condition. In the 1950 decade, no more than 30,000 units were constructed in urban renewal project areas; 126,000 down, 30,000 up. Unfortunately, for the dislocated families who must find a place to live the 30,000 put up were out of the reach of their pocketbooks. The community cares about this.

Families displaced from an urban renewal area find it practically impossible to move back into the area. Rents in the renewed area go up, but the tenant's wherewithal does not. Many of the displaced families must move to less favorable homes—less space, worse conditions—but they pay higher rents, for less desirable locations. Thus, the net effect of urban renewal in the field of housing has not been helpful. The community cares about its displaced persons.

At least 1 million persons have been evicted. The manner of the eviction is not always pleasant or decent. You should know about the infamous Patania case in my district. The urban renewal project is 6 years old. Mr. Patania is 72. He and his wife lived in their modest home for 42 years. It was in good condition, but in an area designated for commercial urban renewal. They were offered the "fair market value" of their home—\$12,500, I think—not nearly adequate to replace their home today. They declined. They were ordered evicted. They refused to leave. The sheriff was ordered to evict them. Mrs. Patania was forcibly subdued, placed in a straitjacket, and removed via stretcher—under the gaze of nationwide TV and other reporters. Mr. Patania was forcibly removed also. Then, to add to their ignominy, both were jailed until their home was bulldozed to the ground to prevent their reentry. They have also been sued for contempt of court and damages for the costs of the evictions and the special, premature demolition of their home. Urban renewal had little compassion for this old couple who could not speak English and who only wanted to keep their most valuable and precious possession—next to life itself—their home of 42 years. Urban renewal did not have compassion. Urban renewal could not devise a better way to relocate the Patanias. Urban renewal did not care about people; it cared only about clearing property.

Now the community should and does care about evicted people and how it is done and where they relocate. Relocation is not just a worry for the evicted family, but a concern and burden of the

community which cannot be discharged simply by paying money. The community cares.

In every urban renewal project which forces people from their homes, the evicted persons suffer severe anguish. Sentimental attachments to homes, areas, and neighbors developed through years of association are not severed by pronouncement from an urban renewal agency. The public good must truly be great to justify such inhuman cruelty to fellow man.

In their exuberance to create something better, have developers and agency personnel neglected to consider some basic rights which were at one time considered fundamental to our society?

Justice C. J. Bell, of the Pennsylvania Superior Court, in his concurring opinion in the decision remanding the case of Tony Foranda against the Redevelopment Authority of Lancaster, Pa., to the court of common pleas, has very poignantly set forth the issues.

What single step can we take to promote best the socially desirable goals of urban renewal which genuinely renews decayed and decaying cities but eliminates the heart-rending eviction of thousands from their homes, which can be better rehabilitated through other means?

I recommend the incorporation of a community referendum in the project approval process.

The people in the community are smart enough, concerned enough, and wise enough to make the decisions which are best for them and their communities.

The whole community should understand, approve, and support worthy urban renewal projects—but this, unfortunately, has not always been so.

It is not inconsistent with democracy, representative government, or citizen participation to require proposed urban renewal projects to be approved by majority referendum.

A referendum would serve three essential purposes almost wholly lacking now: First, marshal public support; second, encourage community involvement in public affairs; and third, put urban renewal proponents on their mettle and force them to develop and sell a project which has merit and will serve the total public interest, rather than benefit a small coterie of speculators at public expense and the diminution of the rights of individual persons and businesses.

If a renewal project is not well enough planned or explained to satisfy a majority of the community which will be expected to pay a heavy portion of the million dollar costs and share a portion of the burdens as well as enjoy the benefits, then there is no justification of it in our present-day community.

If a slum area needs to be renewed and there are two competing proposals, the community should have a direct voice in the choice.

Elections are a small cost to insure free public knowledge and support. The many economic and social manifestations of any renewal project affects the whole community. The whole community should be intimately involved to insure

success. A referendum is the best method for obtaining support and insuring this success.

Referendums have been held in a number of communities on some phase of an urban renewal project—bond issue, establishment of a local renewal authority, or project approval—over the past few years.

Mr. Chairman, support for this amendment has come from many quarters in almost every congressional district.

The whole urban renewal program will be immeasurably strengthened by passage of the Dwyer amendment providing for a public referendum for urban renewal projects in communities of less than 150,000. I urge the committee's support.

Mr. BROCK. Mr. Chairman, will the gentleman yield?

Mr. TALCOTT. I yield to the gentleman from Tennessee.

Mr. BROCK. I would just like to comment briefly on what the chairman said, that this is for the greatest good of the greatest number. How can it be that if the majority do not want it?

Mr. TALCOTT. You are correct. It is not accurate. Neither is it accurate that we voted on this amendment in our committee, because we did not.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mrs. DWYER].

The question was taken; and on a division (demanded by Mr. TALCOTT) there were—ayes 26, noes 56.

So the amendment was rejected.

Mr. ASHBROOK. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The gentleman from Ohio makes the point of order that a quorum is not present. The Chair will count. [After counting.] One hundred and eight Members are present, a quorum.

AMENDMENT OFFERED BY MR. ASHLEY

Mr. ASHLEY. Mr. Chairman, I offer an amendment:

The Clerk read as follows:

Amendment offered by Mr. ASHLEY: Page 103, after line 17, insert the following new section:

"SEC. 807. (a) Section 501(a) of the Housing Act of 1949 is amended by inserting before the period at the end thereof the following: ", and (4) to an owner described in clause (1), (2), or (3) for refinancing indebtedness which—

"(A) was incurred for an eligible purpose described in such clause,

"(B) if not refinanced, is likely to result at an early date in loss of the applicant's necessary dwelling or essential farm service buildings.

"(C) is not held or insured by the United States or any agency thereof, and

"(D) was incurred prior to the enactment of this clause."

"(b) Section 501(c) of such Act is amended by inserting before the semicolon at the end of clause (1) the following: ', or that he is the owner of a farm or other real estate in a rural area who needs refinancing of indebtedness described in clause (4) of subsection (a)'"

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I shall be glad to yield to the gentleman from Texas.

Mr. PATMAN. Mr. Chairman, I know the problems which the amendment of the gentlemen from Ohio is designed to meet. It would simply save the homes of those families in rural areas who are faced with the problem of refinancing their interim loans on their homes. Without this amendment many of those families would lose their homes. This provision has been worked out with the Farmers Home Administration which has no objection to it and I hope it will be adopted.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. Mr. Chairman, I yield to the gentleman from New Jersey.

Mr. WIDNALL. Mr. Chairman, on this side of the aisle we accept the amendment which has been offered by the gentleman from Ohio [Mr. ASHLEY].

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. ASHLEY].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. HARVEY OF MICHIGAN

Mr. HARVEY of Michigan. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARVEY of Michigan: Strike out page 75, line 10, and all that follows down through page 79, line 20, and redesignate the succeeding titles and sections (and the reference on page 125, line 2) accordingly.

The CHAIRMAN. The gentleman from Michigan [Mr. HARVEY] is recognized for 2½ minutes in support of his amendment.

Mr. HARVEY of Michigan. Mr. Chairman, this is a very simple amendment. It would strike title IV from this bill which is the new towns and new communities section. Under that particular section I call to your attention that we insure loans up to \$25 million for any new town or new subdivision.

Let me point out that my amendment is supported by the mayors of the United States of America, and the mayors' conference. My amendment is supported by the National Homebuilders' Association as the Members know, because of the letter I put in the RECORD yesterday.

Let me point out further, Mr. Chairman, that this is not a new title. Actually it was in the 1964 bill. Then it was taken out by both the Senate and the House subcommittees.

It was put in the 1965 bill and it was taken out by both the Senate and the House subcommittees.

Somehow or other it has found its way back into the 1966 bill. As far as I am concerned, the only ones in favor of it are the department people down at HUD. The mayors are against it. The homebuilders are against it. Why are they against it? Ladies and gentleman, they are against it for two reasons.

First of all, this new title providing help for new towns is totally inconsistent with the thrust of this bill which is to help and to rehabilitate the older established cities. What we are doing is taking help from them and giving it to the others—the new towns.

Mr. Chairman, the homebuilders, as I say, are also opposed to it. Why are

they opposed to it? They are opposed to it because of the tight money situation that they find themselves in today.

Let me point out that the House just recently approved and directed money through FNMA into the homebuilding industry and into the residential real estate market. If you pass this bill, with this title IV in it, what you are doing is taking money from the money that we allotted to FNMA and instead of it going into the homebuilding market, it is going into these \$25 million in loans on new towns.

Do not try to tell me that this is simply insuring loans, because it is not. Section 405 of this bill—mind you, provides for FNMA to purchase these loans after they are insured. I do not have to tell you what that means. That means that FNMA then takes the loan and goes over to the Treasury and gets the \$25 million.

So I say to the Members that this particular section would be defeating the purpose of the entire act. The mayors of America are against it and want to see it defeated, because they want the help to go into the cities that need the help. The homebuilders want to see it defeated because they want this money to go into the homebuilding market and into the residential area market.

So I hope that the Members will see fit to support this very worthy amendment.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. REUSS. Mr. Chairman, I move to strike out the last word, and I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Wisconsin is recognized for 1¼ minutes.

Mr. REUSS. Mr. Chairman, I vigorously oppose this amendment because it would take out of the bill one of the most vital and important parts of the bill, the section which would insure private developers who wish to build whole new communities, one of the things that this country most needs. This is an important and responsible part of President Johnson's program.

And lest it be thought that this is purely a Democratic measure, let me quote the following from the Senate Republican Policy Committee paper which was put into the RECORD by Senator HICKENLOOPER just a few days ago:

The buildup of suburban areas continues unabated. This is where the majority of American voters—particularly the young ones—expect to live. Thus it is a better answer to plan and develop whole communities—new towns—shaped, defined, protected, and served by systems of transportation over which people easily flow to their multiple destinations.

Mr. Chairman, I hope the amendment is voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. HARVEY].

The question was taken; and on a division (demanded by Mr. HARVEY of Michigan), there were—ayes 26, noes 53.

So the amendment was rejected.

The CHAIRMAN. For what purpose does the gentleman from California, a member of the committee, rise?

AMENDMENT OFFERED BY MR. DEL CLAWSON

Mr. DEL CLAWSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DEL CLAWSON: On page 110, strike out line 15 and all that follows down through page 113, line 8, and redesignate the succeeding sections and the reference on page 125, line 2, accordingly.

(Mr. DEL CLAWSON asked and was given permission to revise and extend his remarks.)

Mr. DEL CLAWSON. Mr. Chairman, a memorandum was made available by the Housing Subcommittee which describes itself as a brief summary of S. 3708. After summarizing committee action on the bill, the memorandum takes a positive approach toward explaining what the bill would do title by title.

The first two titles, concerned with demonstration cities and planned metropolitan development, get 50 percent of the explanation: The seven remaining titles get two or three lines each at the most. Mr. Chairman, my remarks are directed to the explanation for title IX of two and a half lines, as follows:

Among other provisions, title IX would authorize FNMA to make construction loans for certain FHA programs and would authorize assistance to home owners who suffered loss through the closing of military bases.

This title is the one for miscellaneous items and is abbreviated "Misc." It is my purpose to focus attention on one section only, and if my interpretation is correct, and I believe it is, the abbreviation for this portion of the title at least, might appropriately stand for "mis-chief." This is section 911 of title IX dubbed "Urban Environmental Studies." Normally, I would not—as I am sure 90 percent of the other Members of the House would not—boggle at this title and I am aware that the Secretary has complained in the latest issue of the magazine *House & Home* that the Congress has not given him "a red cent for basic research." But under the wide open language of this section, we are providing the Secretary of Housing and Urban Development, whoever he may be, with a ready made campaign fund and precinct organization with which to support or oppose any Member of this House. This would also apply in the case of the Senate. To my knowledge this power and authority was not requested by the present Secretary nor do I believe he would desire it.

No hint of anything like this is contained in the subcommittee's summary so I think the Congress can ask.

How serious is this?

In my opinion, quite serious. Either by accident or design, the Secretary of HUD has been handed an unlimited campaign fund which he can exercise as he sees fit—if this legislation passes and is funded—for the next 2 years. He can not only enter general elections, but primaries as well as an active participant. Primaries, I repeat for the benefit of majority Members, particularly those who have disputed with the Secretary. The Secretary, under this proposed legislation would have only his own leanings

and interests to guide him in either supporting or opposing any Member of this or subsequent Congresses.

If any of the honorable Members of the House believe to the contrary, and I am sure some who have not read section 911 of the bill might very well question such a sweeping statement, let me read a few passages from section 911. May I suggest that Members also read this section beginning on page 110 of the printed copy of the bill.

Section 911(b) (3) reads as follows and authorizes and directs the Secretary to—

(3) establish a system of collecting and receiving information and data on urban ecological research and evaluations which are in process or are being planned by public or private agencies, or individuals.

Note the "public, private agencies, or individuals." Without doubt that covers the well known waterfront. The Secretary could hire the services of the Gallup or the Harris poll organizations; he could contract with the Nielson rating service; he could employ the Democratic or Republican precinct organizations of Philadelphia, Pa., or those of any city down to a population of 2,500. Public agencies—private agencies or individuals—every Member must recognize the implications and potential power, politically, economically and socially, held in the hands of the Secretary with this broad authority. What could happen if it were abused or misused?

Then there is section (b) (4) of 911.

Once again the Secretary is authorized and directed to—

(4) evaluate and disseminate information pertaining to urban ecology to public and private agencies or organizations, or individuals, in the form of reports or otherwise.

Once again the waterfront is covered by this subsection. Note that it mentions the dissemination of materials, to both public and private agencies or organizations, that may be in the form of reports or otherwise. Otherwise is a rather comprehensive word. There is not anyone he could not propagandize—he has full rein—and he can go any direction he wishes.

To continue, under (c) (1)—

The Secretary is authorized to establish such advisory committees as he deems desirable for the purpose of rendering advice and submitting recommendations for carrying out the purpose of this section. Such advisory committees shall render such advice to the Secretary upon his request and may submit such recommendations to the Secretary at any time on their own initiative. The Secretary may designate employees of the Department of Housing and Urban Development to assist such committees.

There is—please note—no limit to the number or size of committees that the Secretary can set up under this subsection. He may detail any or all of HUD's employees to help them. The committees can report at his call or on their own initiative.

Now as to pay—there is section (c) (2):

Members of such advisory committees shall receive not to exceed \$100 per day when engaged in the actual performance of their duties, in addition to reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties.

If any of these people are certified as working 365 days a year, and there may be some who would be willing to so certify, they could be paid under this section 911, \$36,500 plus expenses.

Take a second look at the lush contract possibilities which can run for 2 years—or the length of the next congressional and presidential campaign. Permit me to further read section (d) of 911:

The Secretary is authorized to carry out the studies, surveys, research, and analyses authorized by this section either directly or by contract with public or private bodies or agencies, or by working agreement with departments and agencies of the Federal Government, as he may determine to be desirable. Contracts may be made by the Secretary for work under this subsection to continue not more than two years from the date of any such contract.

As to appropriations listen to section (e):

(e) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section. All funds so appropriated shall remain available until expended when so provided in appropriation acts.

Do you need a better description than the language of the bill itself for an open-ended legislative provision? I do not think so.

Let me sum it up for the House. If this bill, with section 911 passes, the Secretary will no longer need approval of this Congress. The Congress will need his.

Mr. Chairman, I urge the adoption of this amendment.

Mrs. BOLTON. Mr. Chairman, there has been a great deal of discussion during this past year over finding ways and means to cut down the considerable expense entailed by political campaigns. We have been searching for a solution. The bill just passed provides a solution. In section 911 we have delegated all responsibility to the Secretary of Department of Housing and Urban Development.

Section 911 refers to urban environmental studies.

This is a pretty crude camouflage for so very many things.

Under a stated purpose to investigate every living creature including flies, rats, roaches, and all such within urban environmental studies, we are in this bill empowering the Secretary of HUD with or without the Harris poll to enter our campaigns whether they be primaries or general elections. The bill says that he can hire whoever he pleases and how many he pleases and makes it possible if this legislation becomes law, for him to pay them in excess of \$30,000 a year each.

Furthermore, the bill gives him contractual rights and allows him to hire whom he wants. This can be any polling organization, any precinct organization, or any extremist group that he may so designate. The funds authorized are unlimited and remain available until expended. Now the majority can say this was not the intention of the Secretary. I say to them if it was not his intention or their intention, they are guilty of very careless draftsmanship. These things

are easily possible under the bill and all who read section 911 will know it.

I think it is time that we look at ourselves and realized what in these high pressured, confused closing days of the Congress, can be accomplished by hiding in the provisions of a housing bill something which should be considered at great length.

I have seen many radical proposals presented to the Congress in the years that I have served here, but never before have I seen a time when the Congress was willing to delegate so much power to a member of the executive branch which he can wield, if he so desires, as a club against every Member of this body. The Congress is, in fact, digging its own grave.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. DEL CLAWSON].

The amendment was rejected.

The CHAIRMAN. The gentleman from California [Mr. HANNA] is recognized.

AMENDMENT OFFERED BY MR. HANNA

Mr. HANNA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HANNA: Page 107, after line 5, insert the following new section:

"FEDERAL NATIONAL MORTGAGE ASSOCIATION
SPECIAL ASSISTANCE FOR FINANCING LOW-COST
HOMES

"SEC. 906. The Congress hereby finds that the sharp decline in new home construction over the past year threatens to undercut our present high level of prosperity and employment as such declines have in the past; that the substantial reduction which has taken place has had its greatest impact on families of modest income who are seeking to achieve the goal of home ownership; that this decline in home building is due primarily to the shortage of mortgage financing on terms which moderate income families can afford; and that our national policy objectives in the field of housing and community development are thereby being thwarted. The Congress therefore expresses its intent that the special assistance funds made available to the Federal National Mortgage Association for the financing of new low-cost homes by the Act of September 10, 1966 (Public Law 89-556), should be released immediately to halt the continuing decline in the construction of new homes for families of moderate income."

And renumber the succeeding sections accordingly.

Mr. HANNA (interrupting the reading). Mr. Chairman, I ask unanimous consent that the reading of the amendment be dispensed with and that it be printed in the RECORD at this point.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. HANNA. Mr. Chairman, I can give you the sense of the amendment in one quick sentence. The amendment would express the intent of Congress that the special assistance funds that were made available for financing new low-cost homes under the FNMA program back in September would be made available.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. HANNA. I yield to the distinguished chairman of the committee.

Mr. PATMAN. We have examined the gentleman's amendment, and the Members on this side are willing to accept it.

The CHAIRMAN. The question is on the amendment of the gentleman from California.

The amendment was agreed to.

The CHAIRMAN. Does the gentleman from Tennessee [Mr. BROCK] have an amendment?

Mr. BROCK. Mr. Chairman, I have no amendment to offer.

The CHAIRMAN. At the request of the leaders of the committee, I should like to make this observation. I address this to the chairman of the full committee. We have a list of the amendments that remain at the desk. Are there amendments that can be agreed to and accepted without debate?

Mr. PATMAN. Yes, Mr. Chairman, there are several such amendments. I will ask that the Members who desire to offer them seek recognition. They know which ones have been accepted. They will be considered first.

AMENDMENT OFFERED BY MR. O'NEILL OF MASSACHUSETTS

Mr. O'NEILL of Massachusetts. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'NEILL of Massachusetts: Page 102, after line 4, insert the following new section:

"EXPENDITURES BY EDUCATIONAL INSTITUTIONS
AND HOSPITALS

"SEC. 704. Section 112(a) of the Housing Act of 1949 is amended by inserting before the period at the end thereof the following: 'Provided further, That no such expenditure shall be deemed ineligible as a local grant-in-aid in connection with an urban renewal project, to the extent that the expenditure is otherwise eligible, if the facilities, land, buildings, or structures with respect to which the expenditure is made are located within one mile of the project (or within such greater distance from the project as the Secretary may specify in the case of an expenditure and project which the Secretary determines meet the objectives of this section but cannot be encompassed within the one-mile limitation)'."

Mr. O'NEILL of Massachusetts. Mr. Chairman, this amendment has been accepted by the gentleman from New Jersey and by the gentleman from Pennsylvania.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. O'NEILL].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. McDADE

Mr. McDADE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McDADE: Page 102, after line 4, insert the following:

"THREE-FOURTHS GRANTS FOR PROJECTS IN CERTAIN REDEVELOPMENT AREAS

"SEC. 704. Section 103(a)(2)(B) of the Housing Act of 1949 is amended by inserting

after 'to avoid hardship,' the following: 'or at any time after such contract or contracts are entered into and prior to the time the final grant payment has been made pursuant thereto,'"

(Mr. McDADE asked and was given permission to revise and extend his remarks.)

Mr. McDADE. Mr. Chairman, the amendment which I have offered has a very clear purpose. That purpose is to force the Department of Urban Affairs to give full implementation to the Housing Act of 1965 which this House passed by a substantial vote.

We made an effort in that act—as well as housing acts passed in the 88th and 87th Congresses to provide that the percentage of Federal contribution in an urban renewal project would be three-fourths and not two-thirds if the project was being conducted in an area that suffered from substantial or persistent unemployment.

The city of Scranton and the county of Lackawanna in Pennsylvania are so designated and the unemployment rate was about 14 percent when the urban renewal contracts were signed.

Yet, the Urban Renewal Administration has refused to convert all our urban renewal contracts into three-fourths financed projects.

The amendment which I have offered will effect such a conversion.

If you, the members of this Committee, believe that the executive branch must be responsive to the Congress, then you will support my amendment.

And those of you who wish to see justice done will vote for my amendment for it directs the Department of Urban Affairs to abandon an unwarranted and restrictive approach to our legislative acts.

This amendment will encourage the men and women of my congressional district to continue their unparalleled efforts at self-help which has meant so much to our economic rebirth. We are building a new area that enjoys the warm sunshine of new jobs and new prosperity.

This amendment, which I have written, will be of substantial help as we strive to attain a new era of prosperity.

I urge its adoption.

Mr. McDADE. Mr. Chairman, this amendment is acceptable to both my colleagues, the gentleman from New Jersey [Mr. WIDNALL] and the gentleman from Pennsylvania [Mr. BARRETT] who is the chairman of the subcommittee.

The CHAIRMAN. The question is on the amendment of the gentleman from Pennsylvania [Mr. McDADE].

The amendment was agreed to.

(The proceedings of the House of Representatives are continued in Part 2 of today's RECORD.)

Daily Digest

HIGHLIGHTS

Senate passed bills on rivers and harbors—flood control, State-Justice-Commerce appropriations, and suspension of investment credit.

House passed the Demonstration Cities and Metropolitan Development Act; and a bill providing for the establishment of the Indiana Dunes National Lakeshore.

Senate

Chamber Action

Routine Proceedings, pages 25670-25721

Bills Introduced: Five bills and one resolution were introduced as follows: S. 3911-3915; and S. Res. 314.

Page 25670

Bills Reported: Reports were made as follows:

The following two bills were reported during Senate adjournment on October 13 under prior authority:

H.R. 11631, clarifying responsibility of the VA with respect to the training and education of health service personnel, with amendments (S. Rept. 1727); and

S. 2877, to establish a National Community Senior Service Corps, with amendment (S. Rept. 1728).

The following bills were reported today:

H.R. 16114, to include annual premium pay as basic pay for the purpose of computing benefits for retirement and insurance, with amendments (S. Rept. 1729);

H.R. 15727, authorizing Executive Salary Schedule positions in levels 4 and 5 for four officers of the Smithsonian Institution, with amendment (S. Rept. 1730);

H.R. 2600, to establish the Ansley-Wilcox House in Buffalo as a national historic site, with amendments (S. Rept. 1731);

S. Con. Res. 109, to print certain hearings of the Anti-trust and Monopoly Subcommittee of the Committee on the Judiciary (S. Rept. 1732);

S. Con. Res. 110, to print additional copies of hearings by the Special Committee on Aging on "Detection and Prevention of Chronic Disease Utilizing Multiphasic Health Screening Techniques" (S. Rept. 1733);

S. Res. 307, to print as a Senate document the final report of the Woodrow Wilson Commission (S. Rept. 1734);

S. Res. 312, to print as a Senate document a report entitled "Profile of Youth—1966" (S. Rept. 1735);

S. Res. 313, to print as a Senate document a study entitled "Aspects of Intellectual Ferment in the Soviet Union" (S. Rept. 1736);

H. Con. Res. 1007, to print copies of a report on international education by the House Committee on Education and Labor (S. Rept. 1737);

H. Con. Res. 1017, to print additional hearings and other material by House Committee on Agriculture (S. Rept. 1738);

H. Con. Res. 1022, to print as a House document a pamphlet entitled "Our American Government. What Is It? How Does It Function?" (S. Rept. 1739);

S. Res. 311, continuing authority of the Special Committee on the Organization of the Congress through January 1967 (S. Rept. 1740);

S. Res. 305, to appoint a special subcommittee of the Committee on the Judiciary to study encroachments by the executive and judicial branches upon the powers of the Congress, with amendments (S. Rept. 1741);

S. 2080, increasing from \$75 to \$100 per month amount of benefits payable to widows of certain former employees of the Lighthouse Service, with amendments (S. Rept. 1742);

H.R. 14517, a private bill (S. Rept. 1743);

S. 2205, a private bill (S. Rept. 1744); and

S. Res. 314, providing for payment of gratuity to survivor of deceased Senate employee (no written report).

Pages 25669-25670

Bill Referred: H.R. 12047, to amend the Internal Security Act with respect to obstruction of Armed Forces, was referred to Committee on the Judiciary.

Page 25819

Rivers and Harbors—Flood Control: Senate passed (motion to reconsider tabled) S. 3906, authorizing funds for rivers and harbors and flood control projects, after adopting the following amendments:

Mansfield amendment relative to transfer of certain funds for school purposes in area of Libby Dam and Reservoir, Mont.; Holland amendment designating a navigation lock of the central and southern Florida flood control project as the W. P. Franklin lock and control structure; and Dirksen amendment declaring the policy



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 89th CONGRESS, SECOND SESSION

Vol. 112

WASHINGTON, FRIDAY, OCTOBER 14, 1966

No. 177—Part 2

House of Representatives

(Proceedings of the House of Representatives continued from Part 1.)

DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966

The House in Committee of the Whole House on the State of the Union continued consideration of the bill (S. 3708) to assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes.

AMENDMENT OFFERED BY MR. DELANEY

Mr. DELANEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DELANEY: Page 125, in line 14 insert "(a)" after "Sec. 914", and after line 16 insert the following:

"(b) Section 401(d) of such Act is amended by inserting before the period at the end thereof the following: 'and, notwithstanding the first proviso of this subsection, the amount of this annual increase which is not utilized for loans for hospitals may be utilized for loans for other educational facilities, as defined herein'."

(Mr. DELANEY asked and was given permission to revise and extend his remarks.)

Mr. DELANEY. Mr. Chairman, I understand this amendment has been examined by both sides and is acceptable.

Mr. Chairman, the amendment which I have offered is needed to give parity to our great downtown colleges and universities. It involves no increase in the existing authorization for the college housing loan fund, but would simply permit greater flexibility in the use of the loan funds already authorized.

In a great many cases, downtown community colleges draw a high proportion of their student body from the cities in which they are located, so the students are able to live at home even though they may be some distance from the university. For these schools, dormitories may not be their most pressing problem. However, they are still faced with an urgent need for dining facilities for students and faculty, and student recreation and assembly halls to provide wholesome

surroundings for students between classes, and a focal point for campus activity. An important part of college is the spirit of the student body, and their identification with the university. Because of this, a student recreation building is not a luxury. It is an important part of the college process.

In recognition of the importance of these facilities, the Congress has authorized a set-aside of \$30 million out of the total \$300 million authorized for college loans for such facilities. But, because of the heavy volume of applications for this kind of loan, the Department has set restrictive regulations.

In addition, the Congress has authorized the use of \$30 million for student nurse and intern housing. However, the demand for these loans has been running at less than half that amount.

My amendment would not change these set-asides. It would simply say that in a year when the full amount is not needed for the second set-aside, the excess could be used for student recreation and assembly halls. Let me emphasize that these funds could be transferred only if not needed for student nursing and intern housing.

Mr. Chairman, this amendment is important to all universities, but particularly to our downtown community colleges. I hope it will be adopted.

Mr. PATMAN. Mr. Chairman, we accept the amendment, on both sides.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. DELANEY].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. IRWIN

Mr. IRWIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. IRWIN: On page 75, strike out "Sec. 313" on line 6 and insert in lieu thereof "Sec. 313(a)"; and insert after line 9 the following new subsection:

"(b) (1) The first sentence of section 810 (e) of such Act is amended by inserting before the period at the end thereof 'or other mortgagor approved by the Commissioner'."

"(2) The third sentence of section 810(e) of such Act is amended by inserting after 'or trust' the following 'or other mortgagor'."

Mr. IRWIN. Mr. Chairman, under existing law, section 810 armed service

housing rental projects may be sponsored only by private corporations, associations, cooperative societies, or trusts. Private individuals and partnerships are precluded from sponsoring such projects.

Private individuals and partnerships are eligible sponsors of multifamily rental projects under all other FHA programs. This amendment, essentially technical in nature, would extend the benefits of FHA mortgage insurance under the section 810 program to projects owned by sponsors now eligible under all other FHA programs.

Mr. Chairman, the chairman of the full committee and the minority have accepted the amendment.

Mr. PATMAN. Mr. Chairman, we accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut [Mr. IRWIN].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. HARDY

Mr. HARDY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARDY: Page 77, lines 21 and 22, strike out "and are regulated in a manner acceptable to him" and insert in lieu thereof the following: "and are regulated or supervised by the State or political subdivision or an agency thereof, or (in the absence of such State or local regulation or supervision) are otherwise regulated in a manner acceptable to the Secretary."

Page 78, line 6, strike out "and are regulated in a manner acceptable to him" and insert in lieu thereof the following: "and which are regulated or supervised by the State or political subdivision or an agency thereof, or (in the absence of such State or local regulation or supervision) are otherwise regulated in a manner acceptable to the Secretary."

Page 78, lines 13 through 15, strike out "which will be regulated, during the period of such ownership, in a manner acceptable to him" and insert in lieu thereof the following: "which during the period of such ownership will be regulated or supervised by the State or political subdivision or an agency thereof or (in the absence of such State or local regulation or supervision) will be otherwise regulated in a manner acceptable to the Secretary."

Mr. HARDY (interrupting the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with and that

it be printed in the Record. It is in three parts which are identical.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. PATMAN. Mr. Chairman, we are willing to accept the amendment on this side.

Mr. HARDY. I hope it is acceptable to the other side.

Mr. HARVEY of Michigan. Mr. Chairman, we would like to hear the amendment explained.

Mr. HARDY. Mr. Chairman, this amendment to title IV will not permit the Secretary to override State regulatory agencies. The amendment is in three parts, and in each it has the identical objective. It applies first to subsection (a) of section 1006. The language in the bill would permit the Secretary to regulate the user rates and charges, capital structure and method of operation and other conditions with respect to the operation of private water systems.

Mr. Chairman, I do not think the Secretary has any business regulating these matters if there is a State agency which is supervising or regulating them. My amendment simply provides that, where regulation is provided by a State or political subdivision or an agency thereof, the Secretary's authority would not be permitted to override that regulation. In like manner, the other two parts of the amendment accomplish this identical purpose with respect to subsection (b) 1 and (b) 2.

I am grateful to the chairman of the committee [Mr. PATMAN], for accepting this amendment, and I trust that it will be acceptable to the gentleman from New Jersey and that it will be adopted.

It does that in three places in the same section, section 1006.

Mr. BROCK. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman.

Mr. BROCK. The first part constitutes the State?

Mr. HARDY. That is right.

Mr. BROCK. That is not preemptable by the Secretary if the State has regulations that are enforceable?

Mr. HARDY. That is right.

Mr. BROCK. Mr. Chairman, we accept the amendment.

(Mr. HARDY asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. HARDY].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. DINGELL

Mr. DINGELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DINGELL: Page 102, after line 4, insert the following new section:

"REQUIREMENT OF SEPARATE SEWER SYSTEMS IN REDEVELOPMENT OF URBAN RENEWAL AREA

"SEC. 704. Section 105 of the Housing Act of 1949 is amended by adding at the end thereof (after the new subsection added by section 703 of this Act) the following new subsection:

"(g) The urban renewal area will be served to the maximum extent feasible after its redevelopment by a storm sewer system or systems separate from and independent of the area's sanitary sewer system or systems."

(Mr. DINGELL asked and was given permission to revise and extend his remarks.)

Mr. DINGELL. Mr. Chairman, the purpose of my amendment is to put a halt to the expenditure of Federal funds for projects which perpetuate and make worse our already bad water pollution problem.

During the last decade, Congress made major advances in developing a program that looks to the elimination of the water pollution problem. In 1956, we adopted the Federal Water Pollution Control Act. We expanded this program with the wide-ranging Federal Water Pollution Control Act amendments of 1961. The Water Quality Act of 1965 authorized additional funds and enforcement procedures. And, we will soon be taking final action on S. 2947, a bill authorizing additional billions of dollars to carry out the purposes of the Federal Water Pollution Control Act.

From this it is obvious that Congress wants to clean up the Nation's streams, lakes, and shore areas.

However, the Housing Act of 1949 still permits Federal funds to be expended on combined sanitary and storm sewer systems.

A recent study by the Department of Health, Education, and Welfare—the preliminary report was issued in November 1964—shows that one of the most important sources of impairment to water is the storm water and overflow from combined sewers.

This study showed that some 60 million persons live in U.S. communities now served by sewer systems which allow overflows. During storms, this overflow contains as much as 95 percent untreated sewage.

HEW stated:

The quality of the overflows reflects a high degree of pollutional load to water courses as measured by the usual standards of biochemical oxygen demand, coliform organisms, solids, etc. Stormwater alone was demonstrated to carry significant amounts of pollutional load, particularly in the early portions of storms when a flushing action occurs.

The study continues:

Effects (of these overflows) were found to be uniformly adverse and it was learned that control measures do exist. Complete separation of sanitary and storm sewers and treatment is now considered to be the ultimate solution. This includes separation of all sources of stormwater from the sanitary system.

There is no question that the cost of providing complete separation of storm and sanitary sewers throughout the country would be substantial. Present estimates put the cost at about \$30 billion. The cost of providing such a system for New York City would be about \$4 billion; for Detroit, Mich., about \$1.3 billion; for Chicago, about \$2.3 billion; Spokane, Wash., about \$50 million; Washington, D.C., about \$214 million; Concord, N.H., about \$8 million; and

New Haven, Conn., about \$10 million. These are all large sums of money and needless to say these projects would have to be carried out over a protracted period of time. But, we should get started with the job, and a good place to start would be in our urban renewal programs.

My amendment would require that after an urban renewal area has been redeveloped, it must be served to the maximum extent feasible by sewer systems which make provision for the separate conveyance and disposition of storm water and sanitary sewage. We are going to have sewer systems of one sort or another and I see no reason for not building the best possible systems. It is true that the cost of building a combined system is less than the cost of separate systems. But then, if we were interested only in the cost of sewage disposal, we could handle the problem quite nicely by digging a little ditch along the road and let the sewage flow where it would.

On this matter of costs, the House Government Operations Subcommittee on Natural Resources and Power, of which the gentleman from Alabama [Mr. JONES] is chairman, has provided us with some data in its excellent report, "Separating Storm and Sanitary Sewers in Urban Renewal." The report noted that the separate sewers to be built in a large Cleveland, Ohio, urban renewal area would cost about 50 percent more than the combined system which was first planned. The cost estimate for a system of separate sewers was \$1,166,280, while the cost estimate for the combined system was \$740,714. It is true that the difference in construction costs is significant, but it certainly is not prohibitive. And, for the extra \$425,566 we would be making a start on correcting a situation which has gone far in making Lake Erie America's "Dead Sea."

In accomplishing the objectives I seek with my amendment, I am, of course, concerned with the best utilization of Federal funds, as well as State and local funds. If the research programs we in Congress have authorized provide us with new and less costly devices or means to accomplish the objectives of assuring clean water, I would be the first to urge the utilization of these new devices and means. But, until such time as these hoped-for improvements are a fact rather than a mere hope, I believe that we must make use of known techniques.

The Federal Water Pollution Control Administration, through enforcement activities affecting Detroit, Cleveland, Buffalo, New York City, and other great urban centers, is attempting to cope with the critical effects of overflows from combined sewers. Through the facilities demonstration program the Administration is seeking to alleviate that major pollution problem. It makes sense to me, in acting on this great demonstration cities bill, that the House put the urban renewal program solidly in line with the national goal of cleaner waters for America. To this end, I urge adoption of my amendment.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I am happy to yield to the chairman.

Mr. PATMAN. We have accepted the amendment and I understand the other side has accepted it.

Mr. DINGELL. That is correct. The gentleman from New Jersey, Mr. WIDNALL, has agreed to the amendment.

Mr. HARVEY of Michigan. Mr. Chairman, we will accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. DINGELL].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. STUBBLEFIELD

Mr. STUBBLEFIELD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STUBBLEFIELD: On page 99, line 21, insert "(a)" after "SEC. 701."

On page 100, after line 11, insert the following: "(b) Notwithstanding the date of the commencement of construction of the Earlington High School, in Earlington, Kentucky, local expenditures made in connection with the construction of such school shall, to the extent otherwise eligible, be counted as local grants-in-aid toward urban renewal project Kentucky R-60 in accordance with the provisions of title I of the Housing Act of 1949."

On page 134, after line 9, insert the following new section:

"LOCAL GRANTS-IN-AID FOR SPECIFIC URBAN RENEWAL PROJECT

"SEC. 920. Notwithstanding the date of the commencement of construction of the Earlington High School, in Earlington, Kentucky, local expenditures made in connection with the construction of such school shall, to the extent otherwise eligible, be counted as local grants-in-aid toward urban renewal project Kentucky R-60 in accordance with the provisions of title I of the Housing Act of 1949."

And renumber the succeeding sections accordingly.

(Mr. STUBBLEFIELD asked and was given permission to revise and extend his remarks.)

Mr. STUBBLEFIELD. Mr. Chairman, I am asking that the legislation before us be amended to provide that certain expenses incurred by the city of Earlington, Ky., be made eligible as local grants-in-aid for purposes of title I of the Housing Act of 1949.

The reason for this requested amendment is that the urban renewal project of Earlington, Ky., which is an area containing approximately 41 acres located adjacent to the new high school, is almost totally dependent on the city's being able to use the noncash credits established through 100-percent locally financed projects—the main one being the benefits to be derived from the construction of the Earlington High School.

When the noncash credit in the approximate amount of \$80,000 from construction of this high school expired in January 1966, based on the fact that such a credit expires 3 years after work begins unless the allocation order for the loan and grant is executed before the 3-year period expires, a reduction in size and cost of the initial project was necessary in order to make the project financially feasible. However, when the planner submitted a preliminary of part I application for loan and grant to the

Atlanta, Ga., regional office of the Housing and Urban Development Department in June 1966, it was noted that increased project costs—due to higher value on real estate purchases—revealed by acquisition appraisals—increased the local share estimate by about \$36,300 over the amount planned for just 6 months before as the local share.

There is no question that the Earlington project's success is totally dependent on the recovery of this lost credit since the local financial situation is such that cash moneys are simply not available for use as matching funds without jeopardizing further capital improvements needed. Since similar exceptions have been made through congressional action in the past, I feel that Earlington should likewise receive this consideration and ask that my amendment be accepted.

Mr. PATMAN. Mr. Chairman, will the gentleman yield to me?

Mr. STUBBLEFIELD. I will be happy to yield.

Mr. PATMAN. This is a special bill for a special purpose. The gentleman will get consideration from our committee in a special bill, but if you attempt to put it in here, there are 1,429 others that are comparable to it and would have the same claim. We would never get through with this bill then, I will say to the distinguished gentleman from Kentucky. I hope you do not urge it.

Mr. STUBBLEFIELD. Mr. Chairman, I appreciate those remarks, but I feel obligated to offer the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky [Mr. STUBBLEFIELD].

The amendment was rejected.

The CHAIRMAN. There are now no members of the committee with amendments. The Chair now recognizes with what he hopes is some semblance of seniority the various Members. The Chair recognizes the gentleman from Michigan [Mr. BROOMFIELD].

AMENDMENT OFFERED BY MR. BROOMFIELD

Mr. BROOMFIELD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BROOMFIELD: Page 102, after line 4, insert the following new section:

"RETURN OF DISPLACED HOMEOWNERS TO PROJECT AREA AFTER REDEVELOPMENT

"SEC. 704. Section 105 of the Housing Act of 1949 is amended by adding at the end thereof (after the new subsection added by section 703 of this Act) the following new subsection:

"(g) The urban renewal plan shall provide that in the redevelopment of the project area (1) suitable housing (within the financial means of the individuals and families involved) within the boundaries of the project area for all homeowners who are displaced by the project and who desire to relocate within the area after its redevelopment, and (2) residential construction and rehabilitation will be given priority, to the maximum extent feasible, over other activities."

(Mr. BROOMFIELD asked and was given permission to revise and extend his remarks.)

Mr. BROOMFIELD. Mr. Chairman, the amendment I am offering is quite simple.

It provides that in any urban renewal project in which there are homeowners

who will be displaced by the project, that suitable housing must be provided for those who desire it within the boundaries of the project area.

The amendment further provides that, where feasible, construction of such housing for those displaced will be given top priority during the construction phase of the project.

The differences between the amendment I am offering and existing law are these:

Present law requires that suitable housing must be provided for those who are displaced by an urban renewal project. However, it does not say where.

My amendment would require that as far as homeowners who live in their homes are concerned, those who express the desire to remain must be offered adequate housing within their financial reach, and this housing must be located specifically within the project area.

It further instructs the Housing and Urban Development Department that first priority for this housing must be given to construction of this housing for the displaced homeowner.

Mr. Chairman, I believe that the reasons why this amendment is necessary are the same reasons why we are considering the demonstration cities bill today.

If, after 15 years, the Federal urban renewal program could be considered a success, there would be no need for consideration of a demonstration cities bill today.

The failure is stated in the original law in which Federal urban renewal was created, the Housing Act of 1949, in which the stated objectives are to:

Eliminate substandard and other inadequate housing through clearance of slums and blighted areas.

Stimulate housing production and community development sufficient to remedy the housing shortage.

Realize the goal of a decent home and suitable living environment for every American family.

Now, I ask this question: After 15 years and billions of dollars, which of these goals can we say that urban renewal has attacked successfully?

On the elimination of substandard housing, I think that urban renewal might be able to make a case for itself.

Almost every one of us has in his congressional district at least one example of this phase of urban renewal.

There are sections of our cities which have been wiped out, demolished, destroyed as completely as those blocks of London hit by Hitler's buzzbombs during World War II.

There certainly can be no question of the destroyer power of urban renewal. The next question is, can it create? And if it can create, can it create that which is useful as well as that which is beautiful; that which is necessary as well as that which is desired?

Has urban renewal, in other words, become the tool for the creation of unlivable Brazilia's marble and concrete monuments to nothingness at the expense of those for whom this program was designed in the first place?

This program, urban renewal, was to provide decent, vermin-free, livable

housing, particularly for the low- and middle-income groups, in a healthy environment.

Urban renewal often creates the environment envisioned under this act. The only trouble is that it does not let anybody live there. Urban renewal has had a net loss of housing during the 15 years it has been in business. Think of it. That means that urban renewal not only is not solving the housing problem, it is actually making it worse.

Furthermore, the housing which is being built under urban renewal is more often than not the \$300-a-month apartments or the \$100,000 town houses into which our distinguished Vice President recently moved.

Mr. Chairman, I am not urging the abolishment of urban renewal with my amendment. I am not urging that its funds be cut or its programs be trimmed. I am urging, indeed I am pleading, that this first tiny step be taken right here, today, to head urban renewal toward its stated goals, and these are to provide decent housing for every American.

Let us not let this program compound our urban problems by compressing our explosive housing problems with increasing pressure. Let us work toward the goal of making urban renewal a solution rather than a gesture.

Urban renewal should not—indeed must not—have as its primary goal the creation of pretty places for pretty people.

It should be a device to fill a growing, monumental need—decent housing—rather than the creation of meaningless monuments.

Mr. Chairman, I urge adoption of this amendment.

Mr. HARVEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BROOMFIELD. I am delighted to yield to the gentleman from Michigan.

Mr. HARVEY of Michigan. Mr. Chairman, I want to tell the gentleman from Michigan that I believe the gentleman has put his finger upon one of the major faults which now exist in the urban renewal program.

Mr. Chairman, it is my opinion that the amendment which has been offered by the gentleman from Michigan [Mr. BROOMFIELD] is very worth while and I certainly want to commend the gentleman for his interest in this subject and wish to tell the gentleman that I accept his amendment wholeheartedly.

Mr. Chairman, the amendment which has been offered by the gentleman from Michigan [Mr. BROOMFIELD] is accepted on this side of the aisle.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. BROOMFIELD. I yield to the gentleman from Ohio.

Mr. ASHLEY. Mr. Chairman, I thank the gentleman from Michigan for yielding.

However, Mr. Chairman, I will say that this amendment is not dissimilar to the amendment which was previously offered by the gentleman from New Jersey [Mr. WIDNALL], which was accepted.

However, this proposed amendment goes considerably further than the amendment which was offered by the

gentleman from New Jersey [Mr. WIDNALL], and on this basis, Mr. Chairman, we oppose the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. BROOMFIELD].

The amendment was rejected.

AMENDMENT OFFERED BY MR. MULTER

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER: On page 65, after line 13, insert the following new section:

"INCREASED MORTGAGE LIMITATIONS UNDER SECTION 220(d)(3)(B) FOR SMALL PROJECTS CONTAINING LARGER FAMILY DWELLING UNITS

"SEC. 306. (a) Section 220(d)(3)(B)(iii) of the National Housing Act is amended by inserting after '; and except that' the following: 'with respect to rehabilitation projects involving not more than five family units, the Secretary may by regulation increase by 25 per centum any of the foregoing dollar amount limitations contained in this clause which are applicable to units with two, three, or four or more bedrooms: *Provided, That*'.

"(b) Section 220(d)(3)(B)(iii) of such Act is further amended—

"(1) by inserting immediately before 'by not to exceed 45 per centum' the following: '(as determined after the application of the preceding proviso)'; and

"(2) by striking out '*provided, That nothing*' and inserting in lieu thereof '*Provided further, That nothing*'."

And renumber the succeeding sections accordingly.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. MULTER] in support of his amendment.

Mr. MULTER. Mr. Chairman, this amendment improves the bill. It is the amendment which has been circulated to the members of the committee by our colleague from New York [Mr. RYAN]. The language, not the intent or purport, but the language as such has been approved by the agency. I am not implying that the agency approves the amendment. However, I do understand they can live with the amendment, as they put it. It will improve the bill. It is necessary in the city of New York and other large cities so rehabilitation projects can go ahead. Without it, we will run into difficulty in approving projects for those old buildings, which contain five or less family units. I urge its adoption.

Mr. Chairman, I yield to the gentleman from New York [Mr. SCHEUER].

Mr. SCHEUER. Mr. Chairman, I thank the gentleman from yielding.

As the mortgage allowances are now secured when a man rebuilds a home, it makes sense for him to rehabilitate the home into small units, into one or two efficiencies and perhaps a one-bedroom unit, rather than a several-bedroom unit, where the mortgage allowance is less.

Mr. Chairman, if this amendment passes it will make owners of homes more receptive to rehabilitating the home into several large suites of two bedrooms or more. This will enable them to provide moderate housing in New York and other large urban areas for middle-class families with children, so that they can stay

in the urban center rather than forcing them to go to the suburbs, which in now the unfortunate situation that we face in these areas.

(Mr. RYAN asked and was given permission to revise and extend his remarks at this point in the RECORD.)

Mr. RYAN. Mr. Chairman, because of the lateness of the hour and the rigid limitation upon debate under which we are operating, and in order to achieve my objective of amending this bill to increase the mortgage limitations in rehabilitation projects under section 220 (d) (3) (B) (iii), I have waived to a member of the committee, on my right, as the author of this amendment, to offer it. I appreciate the support which I have received from those members who understand the problem and recognize the need for an adjustment of the mortgage limitations so that living accommodations can be provided for families with children.

The purpose of this amendment is to encourage the creation of family-size apartments—two and three bedrooms—in a rehabilitation project which contains five units or less.

Under section 220(d)(3)(B)(iii) the mortgage limits make it economically more attractive to create efficiency and one-bedroom apartments rather than two- or three-bedroom apartments.

In New York City in my district we have a major urban renewal program underway—the west side urban renewal project. An integral part of this project is the rehabilitation of brownstones, which will help to achieve economic and racial integration and stabilize the neighborhood. This kind of housing should help keep families in the city instead of driving them to the suburbs.

Under present law a sponsor can get a mortgage for \$18,125 for a one-bedroom apartment. If he uses a floor for two small one-bedroom apartments, he can get \$36,250. On the other hand, if he uses the same space for a two-bedroom apartment, the permissible mortgage is \$21,750. There is a \$14,450 economic incentive to subdivide—two one-bedroom apartments instead of one two-bedroom apartment. Or worse two efficiencies may be created. The result is that family-size apartments are not being planned.

I drafted the amendment now pending before us in consultation with the Department of Housing and Urban Development. It is frankly a compromise which does not go as far as my bill H.R. 7311, which I introduced in April 1965, and which provided an equal mortgage for equal space, but it is addressed to the same problem, and I have discussed it at length with the distinguished chairman of the subcommittee [Mr. BARRETT] and with Secretary Weaver. With respect to rehabilitation projects involving not more than five family units, it permits the Secretary by regulation to increase by 25 percent the mortgage limitations for units with two, three, or four, or more bedrooms.

I urge its adoption.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MULTER].

The amendment was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. RUMSFELD].

Mr. RUMSFELD. Mr. Chairman, I yield my time to the gentleman from Illinois [Mr. ANDERSON].

The CHAIRMAN. Without objection, the gentleman from Illinois [Mr. RUMSFELD], yields his time to Mr. ANDERSON of Illinois.

There was no objection.

AMENDMENT OFFERED BY MR. ANDERSON OF ILLINOIS

Mr. ANDERSON of Illinois. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ANDERSON of Illinois: On page 66, line 6, strike out "Single".

On page 66, line 7, insert "(a)" after "Sec. 308."

On page 66, after line 14, insert the following:

"(b) Section 221(f) of such Act is further amended by adding at the end thereof (after the sentence added by subsection (a) of this section) the following new sentence: 'For purposes of determining eligibility for occupancy of dwelling units in a project financed with a mortgage insured under subsection (d)(3) which receives the benefits of the interest rate provided for in the proviso in subsection (d)(5), a family or person with an annual income of more than \$10,000 shall in no case be considered to be a family or person of low or moderate income.'"

(Mr. ANDERSON of Illinois asked and was given permission to revise and extend his remarks.)

Mr. ANDERSON of Illinois. Mr. Chairman, those of you who were present earlier this afternoon in the Committee of the Whole will recognize that this amendment is a restatement in a slightly different form of the amendment offered by the gentleman from Tennessee [Mr. BROCK].

All I seek to do is to impose an income ceiling or an income limitation of \$10,000 for those families who would be eligible for admission to projects constructed under section 221(d)(3), the below market rate of interest program.

To me, it is fantastic that anyone would even have to stand up in the well of the House this evening and propose that a limitation of this kind be imposed on this program.

This illustrates the extent to which the Congress has lost its control of the 221(d)(3) program. I propose to recapture at least some portion of that lost control.

I did some research earlier today, and I find that in my own home town in northwest Illinois, Rockford, Ill., under this below market interest rate program, a family of five could qualify for admission to one of these so-called middle income subsidized housing projects, if they have an income of \$9,600.

I cannot go home to my constituents and propose that we grant a subsidy that I am informed amounts to about between \$20 and \$30 a month on every single apartment constructed pursuant to this below market interest rate program.

I cannot go home and propose that we continue to grant a subsidy of between \$20 and \$30 a month of that kind when in this House not many months ago 188

of you voted to deny rent supplements to families with incomes low enough so that they had to qualify, as you recall, for public housing before they could be granted rent supplements.

One hundred and eighty-eight Members of this House voted against that program which was for an appropriation, as I recall it, of only \$20 million.

Now unless you adopt this amendment and put at least some limitation—a \$10,000 ceiling on this kind of program, then I submit that you are helping people who do not need the help while you are ignoring those who may have some right and some claim to this kind of assistance from the Federal Treasury.

To date \$1,800 million has been authorized in direct loans out of the special assistance fund of the Federal National Mortgage Association—Fannie Mae—to fund this program.

It has all been backdoor financing, coming out of the Federal Treasury. It amounts to \$1,800 million.

I would suggest to my colleagues, and I am fully conscious of the fact that we want to finish this bill, that this is an amendment with a serious purpose and I would urge you to adopt this amendment putting a \$10,000 ceiling on this program.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. ANDERSON].

The amendment was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee [Mr. ANDERSON].

The Chair hearing no response, the Chair recognizes the gentleman from Michigan [Mr. WILLIAM D. FORD].

Does the gentleman from Michigan have an amendment?

Mr. WILLIAM D. FORD. Mr. Chairman, I withdraw my amendment and ask unanimous consent to yield my time to the chairman of the committee, the gentleman from Texas [Mr. PATMAN].

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. DOW].

Does the gentleman from New York [Mr. Dow] have an amendment?

AMENDMENT OFFERED BY MR. DOW

Mr. DOW. Mr. Chairman, yes, I have an amendment and I offer the amendment at this time.

The Clerk read as follows:

Amendment offered by Mr. Dow: On page 108, after line 5, insert a new section as follows:

"GRANTS FOR BASIC WATER AND SEWER FACILITIES

"SEC. 909. (a) Section 702 of the Housing and Urban Development Act of 1965 is amended by adding at the end thereof a new subsection as follows:

"(d) If, prior to the commencement of construction of any project to provide basic public water or sewer facilities and in advance of the availability of funds for a grant under this section, the Secretary of Housing and Urban Development approves such project as meeting the requirements of this section, and the local public body or agency thereafter constructs such project and submits an application to the Secretary for a grant for such project, the Secretary, upon his approval of such application, is author-

ized to make a grant under this section for such project to be paid from future appropriations made pursuant to Section 708(a) (1). No such grant shall be made (1) unless the provisions of this section have been complied with to the same extent and with the same effect as though the grant were to be made for future construction of the project, or (2) in an amount exceeding a grant which would otherwise be made under this section for the future construction of such project. Neither an approval of a project by the Secretary prior to construction, nor the making of a grant by the Secretary for such project to be paid from a future appropriation, nor any other provision of this subsection shall be construed to constitute a commitment or obligation of the United States to provide funds to make or pay any grant for such project."

"(b) The amendment made by subsection (a) of this section shall apply to any project on which construction is initiated after June 30, 1966; except that in the case of any project on which construction was initiated after June 30, 1966, and before the date of enactment of this Act, the Secretary may approve such project for the purposes of Section 702 (d) of the Housing and Urban Development Act of 1965 subsequent to the commencement of construction."

Renumber the succeeding sections accordingly.

Mr. DOW. Mr. Chairman, I have acquainted all Members with this amendment during the past week or two.

Mr. Chairman, my amendment would, commencing on July 1, 1966, allow a community to go ahead with the construction of lateral sewers and water systems without disqualification to receive Federal funding at a later date.

Only \$100 million is now available under current appropriations to fill applications aggregating \$2.6 billion. There is a great backlog of facilities needing to be funded. These are disqualified for Federal funding under existing law if construction is commenced.

I understand that the conference report on the Federal Water Pollution Control Act to be submitted next week will carry such a provision, as I understand. All such projects must be approved by the Federal Government before construction commences, but that contains no guarantee of Federal funding. It merely establishes eligibility. This amendment will not cost additional amounts of Federal funds.

Mr. Chairman, I move the adoption of the amendment.

Mr. BOLAND. Mr. Chairman, I rise in opposition to the amendment. I dislike opposing the amendment offered by the gentleman from New York. I am conscious of his concern and his persistency on matters of pollution and basic water and sewage facilities. I commend him for his excellent record in these areas. But actually what would happen is that the amendment would constitute a lien against future projects. The Housing and Urban Development Department would be put in the position to obligate these projects on a priority basis. This is not good procedure.

Mr. Chairman, there are 4,500 communities in the United States that have applications for basic sewer and water facilities pending before HUD. The total dollar amount of the applications is approximately \$2.7 billion. It is all right

to say that this does not constitute an obligation, but in a sense it would, because if HUD approves these applications, there is no question about the fact that in the days, months, and years to come there will be terrific pressure on HUD to come in and finance those applications that have been approved and where the local community has gone ahead and constructed facilities.

The 1966 budget carries an appropriation of \$100 million under section 702.

The 1967 budget carries an appropriation of \$100 million under section 702.

The administration did not ask for the total authorization of \$200 million for either year. This amendment is a quiet back-door approach to the Treasury. It ought not to be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. Dow].

The amendment was rejected.

The CHAIRMAN. All amendments that were on the desk have now been heard and disposed of.

I now recognize the gentleman from New Jersey [Mr. CAHILL], for 1¼ minutes.

Mr. CAHILL. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. FRASER], for 1¼ minutes.

AMENDMENT OFFERED BY MR. FRASER

Mr. FRASER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FRASER: In section 702, page 100, line 18, after the word "industrial", insert a comma and the words "open space or other"

And on line 22 after the word "industrial", insert a comma and the words "open space or other".

Mr. FRASER. Mr. Chairman, this amendment has been shown—

Mr. BARRETT. Mr. Chairman, will the gentleman yield to me?

Mr. FRASER. I am glad to yield to the gentleman from Pennsylvania.

Mr. BARRETT. Earlier this evening I cooperated with you. We know very little about the amendment you are now offering. It would certainly necessitate some study, and I hope the gentleman will not offer the amendment.

Mr. FRASER. I have checked with a number of Members, including the gentleman from New Jersey [Mr. WIDNALL], the gentleman from Tennessee [Mr. Brock], the gentleman from New York [Mr. MULTER], and others, and they apparently found no objection to it.

Does the gentleman feel that he is still constrained to object?

Mr. BARRETT. I hope the gentleman will withdraw the amendment. We can talk about it.

Mr. FRASER. Mr. Chairman, I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. MOORHEAD].

(By unanimous consent, Mr. MOORHEAD yielded his time to Mr. PATMAN.)

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. PICKLE].

(Mr. PICKLE asked and was given permission to revise and extend his remarks.)

Mr. PICKLE. Mr. Chairman, I have asked for this time to point out to the House that one title in this measure had been considered by a committee of this House previously and had not been recommended. It ought to come out of that committee, rather than come under this particular bill.

Title V, Mortgage Insurance for Group Practice Facilities, was introduced in the first session of the Congress as H.R. 2987. It was referred to the House Committee on Interstate and Foreign Commerce.

This is the caption of that bill:

To authorize mortgage insurance and loans to help finance the cost of constructing and equipping facilities for the group practice of medicine and dentistry.

At this hour I shall not offer an amendment. I had thought that one probably would be offered. I believe it would be futile to do so at this point, but this bill or title should come out of the House Committee on Interstate and Foreign Commerce, where the jurisdiction lies and to which it was previously referred. It has no more business in this bill than, we might say, home rule.

I believe this will take away a prerogative of the House Commerce Committee.

Mr. HARVEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. PICKLE. I yield to the gentleman from Michigan.

Mr. HARVEY of Michigan. I agree wholeheartedly. I have an amendment here which I intended to offer, but since I was limited to one amendment I could do nothing else.

Mr. PICKLE. I want to make it plain that when we get into a discussion of group practice insurance a great many of us would want to discuss the merits and demerits of it. I do not want to say whether it is good or bad in itself, but it gets into prepayments of groups to patients and subscribers. It is a highly technical matter, and ought to be heard by our full committee.

Mr. PATMAN. Mr. Chairman, I am glad the motion to strike title IV of the bill was rejected by this body.

This land development and new communities title would amend the new title X added to the National Housing Act last year. Title X has as its principal aim to stimulate the production of an increased supply of well-planned and improved residential building sites. It stems from the need, overwhelmingly supported by testimony before the committee, to provide new ways of avoiding the disordered sprawl which has marked recent metropolitan development.

The program approved in 1965 has gained much attention and support throughout the country. As of August 31, the Department of Housing and Urban Development had received 275 applications for insurance under title X,

involving more than 80 percent of the FHA offices throughout the country.

This figure would undoubtedly be far higher if it were not for the present tight money market. Project sponsors have even been going to the extreme of asking the FHA to hold up approval until fund sources can be obtained. This is yet another indication of the need for this Congress and administration to put a stop to the present profiteering from high interest rates.

Title IV of the bill we are considering would extend the scope of the existing land development program. It would make FHA mortgage insurance available for land acquisition and site development costs for whole new communities, in addition to the large subdivisions which can now be assisted.

Such new communities are already underway in limited number throughout the country. This is an important and promising development.

We all must face the fact that most of the future growth of this country will take place on the fringes of our large metropolitan concentrations. We cannot stand idly by as this precious land is developed in a helter-skelter manner. New community planning by private developers provides an opportunity for private enterprise to meet this challenge and to contribute to effective development—for recreation, industry, shopping, and all the other land uses needed in new urban areas.

I see this legislation as primarily of benefit to small- and medium-sized builders. New community development has, so far, been the province of large corporate developers, who have the financial resources to assemble the large tracts of land required, and who can then sustain the large capital outlay required for basic improvements to the land before residential construction can start. This new provision would open up to medium- and small-size builders, also, the possibility of engaging in this same sort of large-scale activity. They could do this cooperatively or by buying improved building sites from land developers who make use of the new provisions. In fact, this title of the bill includes specific directions to the Secretary to assure participation by small- and medium-volume builders.

Mr. Chairman, if private enterprise is not given the assistance it needs to create improved land for new communities, I predict that local governments will be increasingly driven to take over this job themselves. I am happy title IV of the bill was not deleted.

Mr. ANDERSON of Tennessee. Mr. Chairman, as I understand it, the demonstration cities bill represents an effort to cure a most serious national cancer—the blight, despair, hopelessness, and crime which has spread through our cities.

The distinguished chairman of the House Committee on Banking and Currency has characterized this cancer as the most central and critical domestic problem of this time. Twenty-two giants of American industry and banking have likewise said that it is the single most

important domestic issue before Congress. Cancer, then, is not too strong a word.

The bill before us will probably pass the House today. In a few days we will be going home to give an accounting to the people, and because of the seriousness of problems facing us across the land, we will not be unlike the surgeon who goes from the operating room to report to waiting relatives on the removal of a cancerous growth in a loved one. Just as the surgeon, we will inevitably be asked, "Did you get it all?" And no matter how good the bill is before us, and how much related good legislation has passed the House this Congress, we are going to have to say, "No, we did not get it all."

To solve the problems of our cities we must first look to the countryside. The cities are in trouble because the countryside got into trouble. With poor utilities, poor roads, poor housing, poor schools, high unemployment, poor incomes, low industrialization, meager recreation and community facilities of all kinds, and less and less satisfaction from family farming, people from small towns and rural areas have flocked to the cities and compounded their problems.

With our population to double in just 33 years, this country is going to have to spread out, and the plight of our cities today tells us we are already late in getting started.

Mr. Chairman, the essence of the problem is that we are in the same boat whether we dwell in the cities or in the countryside. I consider it most distressing that some Members seem to view the problems I have referred to in terms of competition for attention and funds between the urban and rural areas. I hope the matter before us and the debate which is being made will show everyone that the demonstration cities and metropolitan development plan should be followed on an urgent basis by a comprehensive program of rural community planning and development. As I have pointed out, if we can make the countryside and the small town blossom, our cities will have found a new broad avenue of deliverance from many, if not most, of their ills.

Therefore, I appeal to the Members and to the administration to get going and do something to get started with a comprehensive and strong program of rural development. While some excellent things have been done in this regard, our rural planning and development is in mesh neither with the severity nor the urgency of the overall national domestic problems we face.

I have joined in the introduction and support of a rural community development bill which has been thoroughly worked out and which has the support of the administration. This bill, S. 2934, has already passed the Senate by a 2 to 1 majority with bipartisan support. It has been favorably reported on by the House Committee on Agriculture. It is a modest proposal, a pilot program of 3 years' authorization and its entire purpose is to make available to rural communities the same type of assistance and development planning as is now available to urban areas under section 701 of the Housing

Act of 1954 as amended. Not more than \$5 million would be spent on this program the first year. We have been spending about six times as much each year for urban planning and will, of course, spend a great deal more if the demonstration cities bill is enacted.

This proposal would vest in State governments the responsibility for designating community development districts at the request of local governments. State governments would be responsible also for receiving and disbursing Federal planning grants. I understand the proposal is endorsed by quite a number of Governors, including Governor Connally of Texas, Governor Romney of Michigan, and my own Governor, Governor Clement of Tennessee. Many major organizations have expressed approval. Among them, the Farmers Union, the National Grange, the National Rural Electric Cooperative Association, the National Association of Counties, and the National League of Cities.

Mr. Chairman, I urge that the 89th Congress do something about our present fragmented planning in rural America. I believe the rural community development bill will be a most worthwhile step in that direction, to the great benefit not only of rural America but urban America as well.

Mr. DONOHUE. Mr. Chairman, I urge and hope that this House, after full discussion and debate, will overwhelmingly approve this bill, S. 3708, the Demonstration Cities and Metropolitan Development Act of 1966, without any suffocating amendments.

As all Members are aware this measure includes both the demonstration cities and metropolitan development proposals, together with the more general provisions contained in this year's omnibus housing legislation so it is necessarily long and somewhat complex. However, all the titles and provisions have been clearly and completely explained by the most able floor managers on both sides and any intempered repetition now would be both burdensome and superfluous.

In summary, the basic purpose of this measure is an attempted reorganization and coordination of the existent single-purpose urban programs currently being projected to help solve the increasingly varied and complex problems of our cities.

Too many of our city governments are being too much and too often challenged and sometimes baffled by the multiplicity of new Federal programs and the technicalities of city unit relationships with dozens of Federal agencies dealing with hundreds of different Federal assistance programs.

The great and inherent value of this measure is that it provides a beginning toward the more orderly arrangement of all these Federal programs so that their individual aids can be combined into a coordinated plan for the most effective use in the most economical manner.

The bill, as we all know, has been overwhelmingly endorsed by most of the recognized authorities, at all levels, on city problems and it has the unique endorsement of some of America's most respected and acclaimed industrial lead-

ers who have realistically commended the measure as a "fiscally responsible" approach to the "most pressing domestic problem of our time."

Mr. Chairman, the urgent need for the Federal Government to assist in comprehensive city demonstration programs for rebuilding in slum and blighted areas and providing the public facilities and services required to improve the general welfare of the people in these areas and to assist and encourage planned metropolitan government is so obvious throughout this country that it has not even been questioned here.

If there are any deficiencies in this bill it would be that this proposal has been too long delayed and its present containment is too modest for the great purposes intended. It is nevertheless a beginning and, by the voice of authority, a wise and prudent beginning in the best interests of all the people of the United States.

As a first step toward the rejuvenation of large numbers of our people and the reinvigoration of major sectors within this great Nation let us overwhelmingly approve this measure.

Mr. WOLFF. Mr. Chairman, I support the demonstration cities bill. Because of my great concern over the incubation of crime that stems from the intolerable conditions that exist in a great many cities of this Nation, I feel this bill is a meaningful step in crime prevention.

Recently the mayor of New York City, John Lindsay, made the statement that he needs \$50 billion to bring New York City to a point where it will be a decent place to live. Certainly we cannot provide the fantastic amount of funds necessary to do the total job. But unless we take some steps to improve the conditions of our cities, we will add fuel to the fires of crime that will ultimately make a "hell" of our suburbs.

We on Long Island find a spillover of criminals from New York who prey on our populace.

Crime spawns in poverty, in want, and in poor housing. It is time that those who shout so loudly of the lack of law and order in our society, make their deeds match their words, and find it in their hearts to bring order out of the chaos, by supporting this bill, instead of putting phony obstacles in its path. This bill will cut crime off at its source.

There has been attached to this bill—by certain people politically motivated—the unfounded charge that it would encourage the busing of schoolchildren from one area to another, or that it would permit the merging of suburban and city school districts—the debate today proved nothing is further from the true facts.

However, to once again put to rest these spurious politically inspired charges—as has been the case with the recent education bill and now the demonstration cities bill—we have added amendments to each title of the bill so that it is impossible for anyone, or any agency to misinterpret the intent of Congress. These amendments specifically bar busing or any incentive to achieve racial balance through the use of any section of this bill.

It is indeed a sorry state of affairs that "political pool" is being played with the needs of our people by those who seek to ply prejudice for votes. The groundless charges of busing—which never really existed in fact, or was intended in this, or the education bill—is a sophisticated "racist ruse" that threatened a necessary bill. Hopefully this fiction is now put to rest by the amendments, and the benefits of building our cities and the surrounding areas will proceed without further impediment.

Mr. TENZER. Mr. Chairman, I rise in support of S. 3708 and I would like to read a letter from the Honorable Eugene H. Nickerson, county executive of Nassau County, N.Y., and chairman of the Urban Area Problems Committee of the National Association of Counties:

OFFICE OF THE EXECUTIVE,

NASSAU COUNTY EXECUTIVE BUILDING,

Mineola, N.Y., October 11, 1966.

Hon. HERBERT TENZER,
House Office Building,
Washington, D.C.

DEAR HERBERT: In my capacity as Nassau County Executive and as Chairman of the Urban Area Problems Committee of the National Association of Counties, I urge you to give your full support to the Demonstration Cities Bill which is scheduled for debate and vote October 13 and 14.

There is no question in my mind that this program will have a major effect on the quality of life, not only for those in the demonstration areas, but, through development of new materials and techniques, for all our citizens. The problems of the cities inevitably reach out into the suburbs and beyond. County governments are instrumentalities which cannot be neglected in the search for a better society more able to cope with the problems of housing, slums, poverty, air and water pollution and transportation.

The Demonstration Cities Bill can give us the technique and experience to correct the errors of the past and avoid the pitfalls of the future. Passage of this bill will bring further credit to the productive, forward-looking 89th Congress.

With kind regards.

Sincerely yours,

EUGENE H. NICKERSON.

Mr. BOLAND. Mr. Chairman, New England cities, too, are beset by the great problems of central city decay. We are an old part of this Nation.

One of every 10 housing units in my own area of Springfield was rated substandard at last report. That involves 12,600 dwellings and at least that number of families. Multiply the families by an average of 4 persons, and you have over 50,000 people affected by substandard conditions in one community alone.

This substandardness blights the lives of some 4 million families in cities throughout our land. It is this blight to which the demonstration cities program is directed.

I urge, Mr. Chairman, that we approve the demonstration cities program.

Many, many cities throughout the country need the help that this bill can provide—and they need it urgently.

For the first time, in the evolution of Federal programs of urban assistance, we have reached the stage at which we can hope to attack total city blight and make durable improvements.

The key to that likely is provided by this demonstration cities legislation, which is based on a recognition of the

root-problem which we all know exists—the fact that there is an inescapable relationship between the conditions of the slums and the conditions of the people who live in them.

Demonstration cities programing will enable a massed, coordinated approach to these complex problems, with the programs of rehabilitation and reconstruction, and with effective programs for social rehabilitation. The net effect cannot help but be an improvement on our past record of achievements.

In addition to providing a greater supply of adequate housing at low and moderate cost, this program will help make it possible for our cities to go into the neglected places in our communities, and to provide a balanced range of necessary public facilities and educational, health and social services. Without these services and facilities, our problem areas will remain out of balance and will be a city blight, more damaging to our urban health, than any physical dilapidation with which we may have to deal.

A comprehensive, well-planned demonstration cities program cannot help but have a speedy up-grading effect in our cities. It will contribute measurably to replacing idleness with jobs, and with an equivalent cutback in welfare costs.

Recreation facilities will encourage healthy play and help to get idle youngsters off the streets and into productive ways of doing and thinking. Centers for neighborhood activity will serve as meeting places for young and old—for here can be located the social services for the neighborhoods; health services, youth-serving activities, and special programs for the elderly.

Let me stress that, while the Federal Government is providing vitally needed funds, it is the cities themselves which must initiate and develop and carry out their demonstration programs. This is a local effort—that is the heart of the program.

The Demonstration Cities Act provides the vehicle needed for an intensive drive against the various barriers that stand between us and the full realization of our democratic heritage. It expresses our national resolve that we are a people who apply our thoughts, our resources, and our wills to tackling any job that will promote the common well-being.

Because this is our heritage—in word and practice—it is all the more puzzling that Republican Party spokesmen are opposing this legislation to meet our critical housing problems.

Mr. Chairman, frankly I do not understand the position of my friends on the other side of the aisle. In a recently issued policy statement the Republicans agree that our cities are faced with a major crisis. Here is a chance in this bill for my Republican friends to do something positive. The Republicans agree that crime is increasing. The Republicans agree that slums and blighted areas demand immediate attention. Here is a chance in this bill for my Republican friends to do something positive. The Republicans agree that public transportation must be expanded and improved. The Republicans agree that educational and social services have not kept pace with the growing population.

Mr. Chairman, this bill will help the cities of America face the crisis that is before them. This bill will give the cities of America yet another tool to do something about slums and blighted areas. This bill, Mr. Chairman, will encourage the cities to do something about the social services which my Republican friends say have not kept pace with the growing population.

Mr. Chairman, the Republicans also say that the taxes collected by the cities have proven inadequate as urban blight has drained at the property tax base and yet when we try to do something to aid the cities, we find that our Republican friends say that this is not the year to do it. They say wait until later. They say this, this year; they said it with the rent supplement program last year; and I regret to say, Mr. Chairman, they have said it on any number of occasions in the years past. The Republicans have said, Mr. Chairman, that many of the upper and middle income groups who formerly provided leadership and stability have moved to the suburbs. Yet, Mr. Chairman, I do not see what our Republican friends are doing to reverse this trend.

This bill, Mr. Chairman, is not going to provide a one-step solution to all of our urban problems. It is essentially an experimental program one, which if it can succeed—and I know it will succeed—will provide our cities with the answers to many of the problems now before them.

We are at a crossroads in our national life, and in the lives of our cities.

The problems we face may be described, without any exaggeration, as being key to our survival—and to the future form of nation and cities to which we will commit generations to come.

There can be no dispute about the scope of the urban problem—even its adversaries of this act are frank to state that it is complex, of great magnitude, and demanding of attention.

We have no legislation—or program—with which to tackle them. We do have at hand the most advised guidance which our urban professionals are able to give us.

We have it before us with committee recommendations which, on the one hand, give the program enough support for an honest effort at filling its promise—and on the other with a very adequate reserve of time, in which the Congress and the Nation can survey the movement of the demonstration cities program through the next fiscal year, before committing large budgets to be spent.

Let us pass this bill, Mr. Chairman and start a program that points the way to solving and attempting to solve some of the crushing burdens that weight the cities of this country.

Mr. DADDARIO. Mr. Chairman, I want to commend the committee for inclusion in this legislation of section 1914, which would amend the Housing Act of 1950 to strike out a limitation imposed by description of educational institutions eligible for certain college housing aid to "public" institutions.

Our States, seeking to strengthen the educational structure with the warm encouragement of the Congress, have, in

some instances, instructed State agencies, authorities, or other instrumentalities to provide or finance housing. Under the existing language, these qualified borrowers may be restricted to just dealing with public institutions, and some doubt has arisen regarding the means to help many institutions.

In Connecticut, we have a great tradition of private education. Schools have existed since prior to the Revolutionary War, and have grown and strengthened with the years. I find, in reviewing the legislative history of the college housing, that the purpose of the act was to help all educational institutions, and the use of the word "public" was originally inserted as one example.

The Connecticut Educational Facilities Authority was established in 1965 to provide financing for institutions in Connecticut. Similar authorities exist in New York and Vermont. The Connecticut authority is set up by law to provide financing for both public and private institutions.

This amendment would remove any question as to the legality of the authority dealing with the private institution on the same footing as the public institution, and would make the borrowing more efficient, less costly and simpler by combining financing under the college housing program. It does not remove the need to justify all college requirements for the funds. It is distinctly in the public interest.

Mr. HOLLAND. Mr. Chairman, these remarks, which are in support of the bill in general, should have been made yesterday during general debate. But I was present yesterday, and listening carefully to the general debate, and I felt that I would wait until I had had a chance to read the RECORD this morning, because I did not really believe my ears when I thought over the arguments that had been advanced against this very worthwhile bill. But, when I read this morning's RECORD, there they were, in all their glory. The arguments I thought I heard yesterday were actually made.

First we were told, Mr. Chairman, that this bill would not make it possible to solve all the problems of all the cities because the amount of funds was limited. The gentleman advancing this argument did not feel that these problems ought not to be attacked, nor did they seem to suggest that the programs set forth in the bill were unwise investments. No, their argument was directed to the fact—the obvious fact, Mr. Chairman—that the bill does not contain enough money to make it possible to undertake programs in all American cities. So far, the arguments made sense. I expected, then, to hear my friends on the other side of the aisle propose that the funds be increased, so that more cities could be covered. But to my amazement, they contended instead that the bill ought to be totally defeated because it was not a guaranteed solution for all the problems of all the cities.

Am I completely mistaken, Mr. Chairman, in suggesting that this argument, in effect, says that if we cannot do every-

thing the first time we should do nothing at all? That is what it sounds like to me.

My hopes and dreams for my country are perhaps more modest, Mr. Chairman. I have, as Justice Holmes once said, "No faith in panaceas and almost none in sudden ruin." Though I hope to be here in several Congresses to come, I do not expect to see the millennium achieved in my time in the Congress. In the unforgettable words of our late beloved President:

All this will not be finished in the first 100 days. Nor will it be finished in the first 1,000 days, nor in the life of this administration, nor even perhaps in our lifetime on this planet. But let us begin.

So, in that spirit, I say to those who would have us defeat this bill because it does not hold out the promise of total victory over the problems that beset our cities, "Let us begin." I do not know, Mr. Chairman, whether Pittsburgh will immediately get anything out of this bill or not. Maybe she will. Maybe not. But the problems of the cities of this country are not limited to Pittsburgh. I will not vote against a bill to begin meeting some of the most crucial challenges facing our Nation just because that bill does not have some "pork" in it for my district.

If we can begin to solve our problems, if we can find ways and means of meeting the challenges which urbanization has brought with it, then every city, every town, every individual in this Republic will gain from our efforts. I have voted here for flood control and reclamation projects in States a thousand miles from Pittsburgh—not because I thought my vote for them would persuade their Representatives to vote for projects in my district, but because I thought, and I still think, that flood control and reclamation is good for the whole country. The provisions of this bill, Mr. Chairman, are good for the entire country. My district, Mr. Chairman, is not an island—but I will not paraphrase all of John Donne's famous truism, except to say that we need not send to ask whom the urban problems of the Nation threaten—they threaten us all.

But that, Mr. Chairman, was not the only argument. We also heard, as we have been hearing for some time, that this bill, somewhere between its lines, in some mysterious, unprinted section, visible only to those of particularly pure insight, threatens all kinds of dictatorial power over our local governments. As I understood this argument, when it was stripped of the thinly clad racism which characterized much of it, the bill will enable the Federal Government to help local governments improve educational and other public facilities for their own citizens, if they wish to do so. And, in the name of "preserving local self-government," we are urged to make sure that there is no Federal help to the local government even to do the things they want to do. Mr. Chairman, if that reasoning is difficult for you to follow, you have my complete sympathy. I found it difficult to follow, too.

This bill requires nothing of any city

which does not wish to participate. It requires very little of any city which does. But if a city wants to attack some of the problems which are festering in the heart of every one of our great urban centers, I do not really think we are safeguarding local rights by withholding assistance. I do not really think the Federal Government poses such a threat if it offers assistance.

This is, of course, an old argument. Those who like the status quo are always fighting efforts to meet new challenges by arguing about jurisdiction. It is easier to mouth slogans about "local self-government" than it is to honestly come out in opposition to the substance of new programs designed to make local self-government more responsive to the people, and local conditions more bearable. But I trust this House has heard this argument often enough not to be fooled. I trust this House is mature enough a body to recognize a "red herring" and to make its decisions on what is actually in a bill, not what someone dreams may someday be in some other bill. We were told, Mr. Chairman, that this bill would destroy the neighborhood school, put rent supplement housing in every suburb throughout America, and let Secretary Weaver draw up civil rights and open housing ordinances in every American city. I read the report. I read the bill. I listened with care to the debate, and I could not imagine where these arguments originated. But now, Mr. Chairman, I think I know. The Members who advanced these arguments, Mr. Chairman, probably won them as third prize in a lottery.

Well, Mr. Chairman, I do not believe in legislating by lottery. I believe in voting on the facts. And the facts are that this bill deserves the support of this House and the enthusiastic blessing of the American people. I will vote for it.

Mr. KUPFERMAN. Mr. Chairman, the leaders of business are to be commended for their interest in aid to our cities.

The bill under discussion before us, S. 3708, putting aside for the moment possible objections to some of the sections, presents a step forward in the fight against urban decay.

It is encouraging to see businessmen leading the fight, and I commend to my colleagues the article in the New York Times of Tuesday, October 11, which discusses it.

DEMONSTRATION CITIES BILL URGED BY 22 TOP BUSINESS EXECUTIVES

(By Robert B. Semple, Jr.)

WASHINGTON, October 10—A group of 22 chief executives of major American corporations—including David Rockefeller and Henry Ford 2d—joined the drive today to insure Congressional passage of the Administration's demonstration cities bill.

The bill, regarded by President Johnson as the main weapon in his attack on urban blight and poverty, passed the Senate by a wide margin but faces a severe test in the House. Debate is scheduled to begin Thursday, and a vote is forecast for Friday.

In a statement issued here early this afternoon, the business group said that urban decay constituted "the most pressing domestic

problem of our time." The statement described the bill as an "imaginative" response to this problem and urged "prompt passage" by the House.

GATES AND M'CONE ON LIST

In addition to Mr. Rockefeller, president of the Chase Manhattan Bank, and Mr. Ford, chairman of the board of the Ford Motor Company, the group included several leading Republicans, among John A. McCone, investment banker and former director of Central Intelligence; Thomas S. Gates Jr., chairman of the board of the Morgan Guaranty Trust Company and former Defense Secretary in the Eisenhower Administration; and Thomas J. Watson Jr., chairman of the International Business Machines Corporation.

The guiding spirit behind the two-page statement was said to be Edgar F. Kaiser, president of Kaiser Industries and a member of a Presidential study group that developed the demonstration cities proposals.

White House officials, who welcomed the statement, said that Mr. Johnson himself had not promoted the gesture in any way and that it had been undertaken at Mr. Kaiser's initiative.

"Our cities are being submerged by a rising tide of confluent forces—disease and despair, joblessness and hopelessness, excessive dependence on welfare payments and the grim threats of crime, disorder and delinquency," the group declared.

Accordingly, the businessmen said, "America needs the demonstration cities act."

They said they were mindful of inflationary pressures and the need to hold down Federal expenditures. But they argued that the measure was "fiscally responsible" and that in any case the problems of the city presented a "crucial" and unavoidable "challenge."

"In our business judgment," the statement concluded, "it deserves to be ranked as high on any list of national priorities as any program we know."

The bill as passed by the Senate would authorize about \$900-million over three years to help selected "demonstration" cities develop and carry out comprehensive plans for rebuilding blighted neighborhoods.

The plan would go beyond urban renewal as traditionally practiced in the sense that it would incorporate the welfare and social programs of the Great Society in any rebuilding program.

The Administration is now thought to have sufficient strength to pass the bill by a slim margin if it can persuade enough Representatives to return to the capital in time for the vote. Many are home campaigning for the elections Nov. 8.

Congressional mail on the bill has recently taken a favorable turn. One Administration strategist said that what he termed "right-wing" mail opposing the bill had dropped off and had been replaced by letters supporting it.

A check of Congressional offices confirmed that although the mail was light—as it often is on complex pieces of legislation—it generally favored the measure.

However, Administration sources would make no firm predictions on the outcome, acknowledging that much depended on Representatives who had declared themselves undecided.

Other signers of the businessmen's statement were as follows:

Stephen D. Bechtel, chairman, Bechtel Corporation.

Fred J. Borch, president, General Electric.

Howard L. Clark, president, the American Express Company.

Donald Cook, president, American Electric Power Service Corporation.

Justin Dart, president, Rexall Drug Company.

R. Gwin Follis, chairman, Standard Oil of California.

Ben Heineman, chairman, Chicago & North Western Railway and also a member of the Presidential study group.

David Kennedy, chairman, Continental Illinois National Bank and Trust Company.

Robert Lehman, chairman, Lehman Brothers, investment bankers.

Cyril J. Magnin, president, Joseph Magnin Company.

Stanley Marcus, president, Neiman-Marcus.

Alfred E. Perlman, president, Pennsylvania-New York Central Transportation Company.

Herman H. Pevler, president, Norfolk & Western Railway.

Herbert R. Silverman, chairman, James Talcott, Inc.

Jack I. Strauss, chairman, R.H. Macy, Inc.

Opposition stems partly from those who are reluctant to vote \$900 million in new authorizations at a time of inflationary pressure; and partly from those who fear that one section of the bill, Title II, would promote busing of pupils to achieve racial balance in schools.

The Administration has angrily and repeatedly denied that the bill grants such authority.

Mr. MACHEN. Mr. Chairman, I wish to express my support for S. 3708 the measure now pending before this House, and particularly to call attention to section 919 which is virtually identical to H.R. 5044, a bill I introduced in the first session of this Congress.

Legislation similar to H.R. 5044 has been pending in the Congress for many years with the result that the Board of County Commissioners of Prince Georges County have had to wait with their plans to construct an underground emergency operating center for civil defense purposes to insure the continuity of county government in the event of an emergency.

The Prince Georges County commissioners have been leaders in the field of civil defense for many years, as they have in so many areas. Passage of the pending measure including section 919 will permit them to continue this leadership by allowing them to proceed with their plans for this valuable civil defense center.

At this time I also wish to extend my sincere appreciation to the gentleman from Texas [Mr. PATMAN] and the gentleman from Pennsylvania [Mr. BARRETT] for their generous leadership in incorporating my bill, H.R. 5044, into the measure now before us.

The CHAIRMAN. At this time the Chair recognizes, to close debate for the minority, the minority leader of the committee, the gentleman from New Jersey [Mr. WIDNALL].

Mr. WIDNALL. I thank the Chairman.

I should like to commend the Chairman for having presided during the 2 long days of debate with the utmost of good humor and with full recognition of the rights of the minority and the rights of the majority and of all the individual Members.

I am sure we have tried hard to have the House work its will on this legislation.

I regret very much, of course, that we reach a point, when housing legislation is under consideration, of closing out the time on the bill, limiting debate and not having as complete a record as we should have.

I hope that someday a housing bill will come up before the end of the session, because then we could do a far better job than we do in the late hours of the session, such as today.

I believe we have improved the bill, since it came to the House floor. We have certainly discussed very fully some of the major sections.

I urge the Members to fully consider the motion to recommit which will be offered and then to vote their will with respect to it. I believe it is something which requires the best of consideration of each individual Member.

PREFERENTIAL MOTION OFFERED BY MR. GERALD R. FORD

Mr. GERALD R. FORD. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. GERALD R. FORD moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. GERALD R. FORD. Mr. Chairman, I do not take this time for the purpose of having the basic issue decided on this particular time. I do take this time because I wish to explain the motion to recommit.

Mr. Chairman, the motion to recommit will be offered by the gentleman from Tennessee [Mr. BROCK]. It will be a motion that will strike from title I the authorization of \$400 million for fiscal year 1968. It will also strike from title I the authorization for fiscal year 1969 of \$500 million. It will leave intact the remaining portions of title I, which includes \$24 million for planning. This \$24 million is there to see whether or not this kind of a program should be undertaken and, if so, it will provide the wherewithal for some reasonable, intelligent, constructive determination of policies.

Mr. Chairman, I might point out that the House Committee on Appropriations just concluded action today, as I understand it, on the supplemental appropriation bill for 1967. There is not one penny of obligational authority included in this final supplemental appropriation bill for the demonstration cities program. Naturally, it could not be included, because the program is not authorized.

Let me make one other comment if I might. The motion to recommit will include striking title II, the metro portion of the proposed bill. As I understand it from listening to the debate on the floor of the House, there are only two metro organizations or governmental units in the total United States at the present time. Such proposed metro programs for one area or another have repeatedly been rejected by the voters of the affected areas. Now, if you have the so-called Federal metro program included in this legislation, there will be Federal funds used to tempt voters in these local areas to do things because of the lure of Federal money that they have not done in the past and should not do. It is, therefore, my strong recommendations that the title II portion of this bill, the metro section, be deleted. This provision will be included in the motion to recommit.

May I make one final observation. In the last 2 hours we have seen a very deplorable demonstration, in my judgment, of sound parliamentary procedures. Here is a very substantial bill involving billions that came from the Committee on Banking and Currency, we assume after careful consideration, and after adequate hearings. Yet this afternoon in the last 2 hours we have seen a score or more of amendments that have been offered on the floor and accepted virtually without discussion that obviously have never been considered at any time by the Committee on Banking and Currency.

Mr. Chairman, it seems to me that these amendments should have been brought to the attention of the committee. If justifiable on the merits they should have been accepted in the usual manner by the committee.

Mr. Chairman, instead we see the very unwise action taking place here today, where the Committee is accepting amendments that were never considered, and on this basis of this slipshod procedure, as well as others, this legislation should be defeated.

Mr. BOGGS. Mr. Chairman, I rise in opposition to the preferential motion.

Mr. Chairman, I would first like to take exception to the remarks of the distinguished minority leader relative to the debate with respect to this proposed legislation.

Mr. Chairman, I am always somewhat amazed to see how people can take any side of an argument that happens to fit the particular occasion.

Now, Mr. Chairman, sometimes we bring in proposals here under what we call a closed rule, and the objection is made, because there is no debate provided on amendments.

Now, Mr. Chairman, here tonight we hear objections because amendments have been offered and debated—and some have been accepted—and I do not know how you would legislate in any better fashion than that.

Mr. Chairman, the idea that we would cut off a Member from offering an amendment is that the criticism would be we were trying to stifle full debate thereon.

Mr. Chairman, the alternative thereto is to permit amendments, and those that have been good, we have adopted; those that we felt were not good, after debate, have been rejected.

Now, Mr. Chairman, let us take a look at this motion to recommit, what it does, and what it seeks to do, and what is behind it.

Mr. Chairman, as I understand the motion to recommit, it proposes to strike title I almost entirely. If adopted, it would reduce the authorization from \$900 million which, incidentally, represents a reduction over the original request by the other body, and I might say in that connection that the other body passed this proposal by an overwhelming vote of 53 to 22, which was bipartisan in nature.

Mr. Chairman, what this motion will do, if adopted, would be to strike the \$900 million from the bill and leave a small sum of money for planning purposes.

Therefore, Mr. Chairman, the effect of the adoption of this motion would be to

gut this bill. That is what it will do and that is what it is intended to do and we may as well understand that objective.

Mr. Chairman, let us take a look at the other objectives contained in the motion to recommit.

Mr. Chairman, if this motion to recommit is adopted, it would strike title II. What does title II do? It, if adopted, tries to help the metropolitan areas in this country.

Mr. Chairman, all of us know that through the inventive genius of our country, people have moved to the suburbs and have gone to the urban centers, to the point that 70 percent of our population of almost 200 million is now living in metropolitan centers.

Mr. Chairman, one of our great problems pending before this Nation is a decline of our cities and the problem which comes about as a result of this great influx of new people.

Mr. Chairman, this represents a modest program directed toward doing something about one of the basic problems facing the United States in 1966.

Mr. Chairman, what the minority leader proposes is a negative approach in each instance and provides no solution to the problem whatsoever.

Mr. Chairman, I would say that this is not unique, nor the first time.

Mr. Chairman, the gentleman from New Hampshire, I believe, complained on yesterday about the fact that they have made much of the device of the motion to recommit.

It is a device that can be used as a motion to recommit to gut the bill, and then if the motion does not prevail, vote for the bill on final passage. Then when you get around to explaining it, you can be on both sides.

Mr. Chairman, we have the same thing here that we have had on medicare, that we have had on the wage and hour bill, that we have had on the housing bill, that we have had on social security, on education, and so on.

I say to you, Mr. Chairman, that if there was ever the charge of a motion to recommit being used as a device to gut a constructive piece of legislation and also negativism, we have it here tonight. Mr. Chairman, I hope the House will resoundingly reject this motion to recommit.

The CHAIRMAN. The question is on the preferential motion offered by the gentleman from Michigan [Mr. GERALD R. FORD].

The question was taken and on a division, demanded by Mr. PATMAN, there were—ayes 75, noes 116.

So the preferential motion was rejected.

AMENDMENT OFFERED BY MR. PATMAN

Mr. PATMAN. Mr. Chairman, I offer a technical amendment to correct certain obsolete references in the bill.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Texas [Mr. PATMAN], chairman of the Committee on Banking and Currency.

Mr. PATMAN. Mr. Chairman, the minority has a copy of this amendment, and I ask unanimous consent that the reading of the amendment be dispensed with. It is just a technical amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. BROCK. Mr. Chairman, reserving the right to object, I would like to simply ask the chairman, Am I correct in my assumption that there is no substantive change involved whatsoever?

Mr. PATMAN. The gentleman is correct. There is no substantive change.

Mr. WIDNALL. Mr. Chairman, reserving the right to object, as I understand it these are suggestions that have been made by counsel to the committee?

Mr. HAYS. Mr. Chairman, I object. Mr. TALCOTT. I object.

The CHAIRMAN. Objection is heard.

The Clerk will report the amendment offered by the gentleman from Texas [Mr. PATMAN].

The Clerk read as follows:

Amendment offered by Mr. PATMAN: On page 136, after line 8, add the following new section:

"CONFORMING NOMENCLATURE AND STATUTES TO DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ACT

"Sec. 922—

Mr. PATMAN. Mr. Chairman, since there was objection to the request to dispense with the full reading of the amendment, and since the amendment is over 25 pages long, I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Without objection, the amendment is withdrawn.

There was no objection.

The CHAIRMAN. The question is on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. FLOOD, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (S. 3708) to assist comprehensively city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes, pursuant to House Resolution 1023, he reported the bill back to the House with an amendment adopted in the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT

Mr. BROCK. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. BROCK. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. BROCK moves to recommit the bill (S. 3708) to the Committee on Banking and Currency with instructions to report the same back to the House forthwith with the following amendments:

"Strike out page 46, line 25, and all that follows down through page 47, line 5.

"On page 47, line 6, strike out '(c)' and insert '(b)'.

"Strike out title II (beginning on page 49, line 1, and ending on page 61, line 16), and redesignate the succeeding titles and sections (and the references on page 77, lines 5 and 10, and page 125, line 2) accordingly."

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

Mr. BROCK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 149, nays 175, answered "present" 1, not voting 107, as follows:

[Roll No. 365]

YEAS—149

Abbitt	Flno	Passman
Anderson, Ill.	Ford, Gerald R.	Pelly
Andrews,	Fountain	Pike
George W.	Gathings	Poage
Andrews,	Gettys	Poff
N. Dak.	Goodell	Quie
Arends	Grover	Randall
Ashbrook	Gubser	Reid, Ill.
Ashmore	Gurney	Rhodes, Ariz.
Ayres	Haley	Rivers, S.C.
Bates	Halleck	Roberts
Belcher	Harsha	Robison
Bennett	Harvey, Mich.	Rogers, Fla.
Betts	Henderson	Rumsfeld
Bolton	Herlong	Satterfield
Bow	Hosmer	Schneebeli
Bray	Hull	Secret
Brock	Hutchinson	Shriver
Broomfield	Ichord	Sikes
Broyhill, N.C.	Jarman	Smith, Iowa
Buchanan	Jonas	Smith, N.Y.
Burleson	Jones, Ala.	Smith, Va.
Byrnes, Wis.	Jones, Mo.	Stalbaum
Cahill	Jones, N.C.	Stanton
Callan	Keith	Steed
Callaway	King, N.Y.	Stubblefield
Carter	Kornegay	Sweeney
Casey	Kunkel	Talcott
Cederberg	Laird	Taylor
Chamberlain	Landrum	Teague, Calif.
Clawson, Del.	Langen	Teague, Tex.
Cleveland	Latta	Thomson, Wis.
Collier	Lennon	Tuck
Colmer	Lipscomb	Tunney
Conable	Long, La.	Utt
Cramer	McClory	Waggonner
Cunningham	McEwen	Walker, N. Mex.
Curtis	MacGregor	Watson
Davis, Wis.	Mahon	Watts
de la Garza	Mailliard	Whalley
Derwinski	Marsh	White, Tex.
Dole	Martin, Nebr.	Whitener
Dorn	May	Whitten
Dowdy	Mills	Widnall
Downing	Minshall	Williams
Duncan, Tenn.	Mize	Wilson, Bob
Dwyer	Moore	Wright
Edwards, Ala.	Morris	Wyder
Edwards, La.	Morton	Younger
Ellsworth	Natcher	
Everett	O'Neal, Ga.	

NAYS—175

Adams	Bolling	Conyers
Addabbo	Brademas	Daddario
Anderson,	Brooks	Dawson
Tenn.	Brown, Calif.	Delaney
Annunzio	Burke	Dent
Ashley	Burton, Calif.	Diggs
Barrett	Byrne, Pa.	Dingell
Beckworth	Cameron	Donohue
Bell	Carey	Dow
Bingham	Celler	Dulski
Boggs	Clevenger	Dyal
Boland	Cohelan	Edwards, Calif.

Farbstein	Kelly	Pickle
Farnsley	Keogh	Powell
Farnum	King, Calif.	Price
Fascell	King, Utah	Race
Feighan	Kirwan	Rees
Flood	Kluczynski	Reid, N.Y.
Fogarty	Krebs	Resnick
Ford,	Kupferman	Reuss
William D.	Leggett	Rhodes, Pa.
Fraser	Long, Md.	Rivers, Alaska
Friedel	Love	Rodino
Fulton, Pa.	McCarthy	Rogers, Colo.
Fulton, Tenn.	McDade	Ronan
Gallagher	McDowell	Rooney, N.Y.
Garmatz	McFall	Rooney, Pa.
Gialmo	McGrath	Rosenthal
Gibbons	McVicker	Rostenkowski
Gilbert	Macdonald	Roybal
Gilligan	Machen	Ryan
Gonzalez	Madden	St Germain
Grabowski	Matthews	St. Onge
Green, Pa.	Meeds	Scheuer
Grider	Miller	Schweiker
Griffiths	Minish	Senner
Hagen, Calif.	Mink	Sickles
Halpern	Monagan	Sisk
Hanley	Moorhead	Slack
Hanna	Morgan	Staggers
Hansen, Wash.	Morrison	Stratton
Hardy	Morse	Sullivan
Hathaway	Mosher	Tenzer
Hawkins	Multer	Thomas
Hays	Murphy, Ill.	Tupper
Hechler	Murphy, N.Y.	Tuten
Helstoski	Nedzi	Udall
Holifield	Nix	Van Deerlin
Holland	O'Brien	Vanik
Horton	O'Hara, Ill.	Vigorito
Howard	O'Hara, Mich.	Vivian
Hungate	Olsen, Mont.	Waldie
Huot	Olsen, Minn.	Weltner
Irwin	O'Neill, Mass.	Wilson,
Jacobs	Ottinger	Charles H.
Joelson	Pathings	Wolf
Johnson, Calif.	Patten	Yates
Karsten	Pepper	Young
Kastenmeier	Perkins	
Kee	Philbin	

ANSWERED "PRESENT"—1

Roush

NOT VOTING—107

Abernethy	Evans, Colo.	Nelsen
Adair	Evins, Tenn.	O'Konski
Albert	Fallon	Pirnie
Andrews,	Findley	Pool
Glenn	Fisher	Pucinski
Aspinall	Flynt	Purcell
Bandstra	Foley	Quillen
Baring	Frelinghuysen	Redlin
Battin	Fuqua	Relfel
Berry	Gray	Reinecke
Blatnik	Green, Oreg.	Rogers, Tex.
Brown, Clarence J., Jr.	Greigg	Roncalio
Broyhill, Va.	Gross	Roudebush
Burton, Utah	Hagan, Ga.	Saylor
Cabell	Hall	Schisler
Chelf	Hansen, Idaho	Schmidhauser
Clancy	Hansen, Iowa	Scott
Clark	Harvey, Ind.	Selden
Clausen,	Hébert	Shipley
Don H.	Hicks	Skubitz
Conte	Jennings	Smith, Calif.
Cooley	Johnson, Okla.	Springer
Corbett	Johnson, Pa.	Stafford
Corman	Karh	Stephens
Craley	McCulloch	Thompson, N.J.
Culver	McMillan	Thompson, Tex.
Curtin	Mackay	Todd
Dague	Mackie	Toll
Daniels	Martin, Ala.	Trimble
Davis, Ga.	Martin, Mass.	Ullman
Denton	Mathias	Walker, Miss.
Devine	Matsunaga	Watkins
Dickinson	Michel	White, Idaho
Duncan, Oreg.	Moeller	Willis
Edmondson	Moss	Wyatt
Erlenborn	Murray	Zablocki

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Thompson of New Jersey against.

Mr. Cabell for, with Mr. Matsunaga against.

Mr. Foley for, with Mr. Evins of Tennessee against.

Mr. Shipley for, with Mr. Evans of Colorado against.

Mr. Fuqua for, with Mr. Conte against.

Mr. Abernethy for, with Mr. Chelf against.

Mr. Hicks for, with Mr. Zablocki against.

Mr. Schmidhauser for, with Mr. White of Idaho against.

Mr. Stephens for, with Mr. Craley against.

Mr. Johnson of Oklahoma for, with Mr. Mackie against.

Mr. Roush for, with Mr. Denton against.

Mr. Selden for, with Mr. Albert against.

Mr. Scott for, with Mr. Aspinall against.

Mr. Schisler for, with Mr. Blatnik against.

Mr. Moeller for, with Mr. Fallon against.

Mr. Hagan of Georgia for, with Mr. Hansen of Iowa against.

Mr. Fisher for, with Mr. Mackay against.

Mr. Duncan of Oregon for, with Mr. Moss against.

Mr. Cooley for, with Mr. Toll against.

Mr. Smith of California for, with Mr. Corman against.

Mr. Wyatt for, with Mr. Daniels against.

Mr. Hall for, with Mr. Ullman against.

Mr. Baring for, with Mr. Trimble against.

Mr. Battin for, with Mr. Clark against.

Mr. Don H. Clausen for, with Mr. Gray against.

Mr. Burton of Utah for, with Mr. Pucinski against.

Until further notice:

Mr. Bandstra with Mr. Adair.

Mr. Rogers of Texas with Mr. Berry.

Mr. Jennings with Mr. Broyhill of Virginia.

Mr. Karh with Mr. Don H. Clausen.

Mr. Edmondson with Mr. Devine.

Mr. Pool with Mr. Glenn Andrews.

Mr. Purcell with Mr. Hansen of Idaho.

Mr. Willis with Mr. Quillen.

Mr. Todd with Mr. Findley.

Mr. Roncalio with Mr. Erlenborn.

Mr. Culver with Mr. Reinecke.

Mr. Davis of Georgia with Mr. Michel.

Mr. Flynt with Mr. Nelsen.

Mr. Redlin with Mr. Roudebush.

Mrs. Green of Oregon with Mr. Clancy.

Mr. Greigg with Mr. Skubitz.

Mr. Murray with Mr. Dickinson.

Mr. DULSKI changed his vote from "yea" to "nay."

Mr. GROVER changed his vote from "nay" to "yea."

Mr. ROUSH. Mr. Speaker, I have a live pair with the gentleman from Indiana [Mr. DENTON]. If he were present he would have voted "nay." I voted "yea." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on passage of the bill.

Mr. GERALD R. FORD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 178, nays 141, answered "present" 3, not voting 111, as follows:

[Roll No. 366]

YEAS—178

Adams	Brown, Calif.	Donohue
Addabbo	Burke	Dow
Anderson,	Burton, Calif.	Dulski
Tenn.	Byrne, Pa.	Dyal
Annunzio	Cameron	Edwards, Calif.
Ashley	Carey	Edwards, La.
Barrett	Celler	Ellsworth
Beckworth	Clevenger	Farbstein
Bell	Cohelan	Farnsley
Bingham	Conyers	Farnum
Blatnik	Daddario	Fascell
Boggs	Dawson	Feighan
Boland	Delaney	Flood
Bolling	Dent	Fogarty
Brademas	Diggs	Ford,
Brooks	Dingell	William D.

Fraser
Friedel
Fulton, Pa.
Fulton, Tenn.
Garmatz
Gialmo
Gibbons
Gilbert
Gilligan
Gonzalez
Grabowski
Green, Pa.
Grider
Griffiths
Hagen, Calif.
Halpern
Hanley
Hanna
Hansen, Wash.
Hardy
Hathaway
Hawkins
Hays
Hechler
Helstoski
Holifield
Holland
Horton
Howard
Hungate
Huot
Irwin
Jacobs
Joelson
Karsten
Kastenmeier
Keith
Kelly
Keogh
King, Calif.
King, Utah
Kirwan
Krebs
Kupferman
Long, Md.

Love
McCarthy
McDade
McDowell
McFall
McGrath
McVicker
Macedonald
Machen
Madden
Matthews
Meeds
Miller
Minish
Mink
Monagan
Moore
Moorhead
Morgan
Morrison
Morse
Mosher
Multer
Murphy, Ill.
Murphy, N.Y.
Nedzi
Nix
O'Brien
O'Hara, Ill.
O'Hara, Mich.
Olsen, Mont.
Olson, Minn.
O'Neill, Mass.
Ottinger
Patman
Patten
Pepper
Perkins
Philbin
Pickle
Pike
Powell
Price
Race
Rees

Reid, N.Y.
Resnick
Reuss
Rhodes, Pa.
Rivers, Alaska
Rodino
Rogers, Colo.
Ronan
Rooney, N.Y.
Rooney, Pa.
Rosenthal
Rostenkowski
Roybal
Ryan
St Germain
St. Onge
Scheuer
Schweiker
Senger
Sickles
Sisk
Smith, Iowa
Smith, N.Y.
Staggers
Staibaum
Stratton
Sullivan
Tenzer
Thomas
Tupper
Udall
Van Deerlin
Vanik
Vigorito
Vivian
Waldie
Weltner
Widnall
Wilson,
Charles H.
Wolf
Yates
Young

NAYS—141

Abbitt
Anderson, Ill.
Andrews,
George W.
Andrews,
N. Dak.
Arends
Ashbrook
Ashmore
Ayres
Bates
Belcher
Bennett
Betts
Bolton
Bow
Bray
Brock
Broomfield
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burleson
Byrnes, Wis.
Cahill
Callan
Callaway
Carter
Casey
Cederberg
Chamberlain
Clawson, Del.
Cleveland
Collier
Colmer
Conable
Cramer
Cunningham
Curtis
de la Garza
Derwinski
Dole
Dorn
Dowdy
Downing
Duncan, Tenn.
Dwyer
Edwards, Ala.

Fino
Ford, Gerald R.
Fountain
Gathings
Gettys
Goodell
Grover
Gubser
Gurney
Haley
Halleck
Harsha
Harvey, Mich.
Henderson
Herlong
Hosmer
Hull
Hutchinson
Ichord
Jarman
Johnson, Calif.
Jonas
Jones, Ala.
Jones, Mo.
Jones, N.C.
King, N.Y.
Kornegay
Kunkel
Laird
Landrum
Langen
Latta
Lennon
Lipscomb
Long, La.
McClory
McEwen
MacGregor
Mahon
Mailliard
Marsh
Martin, Nebr.
May
Mills
Minshall
Mize
Morris
Morton

Natcher
O'Neal, Ga.
Passman
Pelly
Poage
Goodell
Poff
Quie
Randall
Reid, Ill.
Rhodes, Ariz.
Rivers, S.C.
Roberts
Robison
Rogers, Fla.
Rumsfeld
Satterfield
Schneebeli
Secrest
Shriver
Sikes
Smith, Va.
Springer
Stanton
Steed
Stubblefield
Sweeney
Talcott
Taylor
Teague, Calif.
Teague, Tex.
Thomson, Wis.
Tuck
Tunney
Utt
Waggoner
Walker, N. Mex.
Watson
Watts
Whalley
White, Tex.
Whitener
Whitten
Williams
Wilson, Bob
Wright
Wydlar
Younger

NOT VOTING—111

Abernethy
Adair
Albert
Andrews,
Glenn
Aspinall
Bandstra
Baring

Battin
Berry
Brown, Clarence J., Jr.
Burton, Utah
Cabell
Chelf
Clancy

Clark
Clausen,
Don H.
Conte
Cooley
Corbett
Corman
Craley

Culver
Curtin
Dague
Daniels
Davis, Ga.
Davis, Wis.
Denton
Devine
Dickinson
Duncan, Oreg.
Edmondson
Erlenborn
Evans, Colo.
Evins, Tenn.
Fallon
Findley
Fisher
Flynt
Foley
Frelinghuysen
Fuqua
Gallagher
Gray
Green, Oreg.
Greigg
Gross
Hagan, Ga.
Hall
Hamilton
Hansen, Idaho

Hansen, Iowa
Harvey, Ind.
Hebert
Hicks
Jennings
Johnson, Okla.
Johnson, Pa.
Karth
Kee
Kluczynski
McCulloch
McMillan
Mackay
Mackie
Martin, Ala.
Martin, Mass.
Mathias
Matsunaga
Michel
Moeller
Moss
Murray
Nelsen
O'Konski
Pirnie
Pool
Pucinski
Purcell
Quillen
Redlin

Reifel
Reinecke
Rogers, Tex.
Roncalio
Roudebush
Saylor
Schlisler
Schmidhauser
Scott
Selden
Shipley
Skubitz
Slack
Smith, Calif.
Stafford
Stephens
Thompson, N.J.
Thompson, Tex.
Todd
Toll
Trimble
Tuten
Ullman
Walker, Miss.
Watkins
White, Idaho
Willis
Wyatt
Zablocki

ANSWERED "PRESENT"—3

Everett Leggett Roush

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Denton for, with Mr. Roush against.
Mr. Evins of Tennessee for, with Mr. Everett against.
Mr. Moss for, with Mr. Leggett against.
Mr. Thompson of New Jersey for, with Mr. Moeller against.

Mr. Matsunaga for, with Mr. Hicks against.
Mr. Conte for, with Mr. Hebert against.
Mr. Chelf for, with Mr. Schisler against.
Mr. Zablocki for, with Mr. Foley against.
Mr. White of Idaho for, with Mr. Hagan of Georgia against.

Mr. Cooley for, with Mr. Baring against.
Mr. Mackay for, with Mr. Shipley against.
Mr. Corbett for, with Mr. Fuqua against.
Mr. Mackie for, with Mr. Abernethy against.

Mr. Clark for, with Mr. Battin against.
Mr. Albert for, with Mr. Stephens against.
Mr. Mathias for, with Mr. Duncan of Oregon against.

Mr. Aspinall for, with Mr. Johnson of Oklahoma against.

Mr. Corman for, with Mr. Schmidhauser against.

Mr. Kluczynski for, with Mr. Cabell against.

Mr. Trimble for, with Mr. Cooley against.

Mr. Kee for, with Mr. Fisher against.

Mr. Daniels for, with Mr. Selden against.

Mr. Evans of Colorado for, with Mr. Adair against.

Mr. Fallon for, with Mr. Hall against.

Mr. Gallagher for, with Mr. Erlenborn against.

Mr. Gray for, with Mr. Nelsen against.

Mr. Hansen of Iowa for, with Mr. Quillen against.

Mr. Pucinski for, with Mr. Roudebush against.

Mr. Ullman for, with Mr. Skubitz against.

Mr. Toll for, with Mr. Wyatt against.

Until further notice:

Mr. Jennings with Mr. Glenn Andrews.
Mr. Culver with Mr. Berry.

Mr. Davis of Georgia with Mr. Don H. Clausen.

Mr. Bandstra with Mr. Davis of Wisconsin.
Mr. Rogers of Texas with Mr. Hansen of Idaho.

Mr. Scott with Mr. Reifel.
Mr. Karth with Mr. Pirnie.

Mr. Purcell with Mr. Reinecke.
Mr. Pool with Mr. Walker of Mississippi.

Mrs. Green of Oregon with Mr. Saylor.
Mr. Flynt with Mr. Dickinson.
Mr. Greigg with Mr. Smith of California.
Mr. Redlin with Mr. Stafford.
Mr. Tuten with Mr. Michel.
Mr. Todd with Mr. Burton of Utah.
Mr. Slack with Mr. Clancy.
Mr. Roncalio with Mr. Devine.
Mr. Thompson of Texas with Mr. McCulloch.

Mr. Willis with Mr. Martin of Massachusetts.

Mr. Edmondson with Mr. Johnson of Pennsylvania.

Mr. Murray with Mr. Findley.

Mr. LEGGETT. Mr. Speaker, I have a live pair with the gentleman from California [Mr. Moss]. If he were present, he would have voted "yea." I voted "nay," and withdraw my vote of "nay," and vote "present."

Mr. ROUSH. Mr. Speaker, I have a live pair with the gentleman from Indiana [Mr. Denton]. Had he been present, he would have voted "yea." I voted "nay," therefore I withdraw my vote of "nay," and vote "present."

Mr. EVERETT. Mr. Speaker, on this vote I have a live pair with the gentleman from Tennessee [Mr. Evins]. If he were present, he would vote "yea." I voted "nay." I withdraw my vote of "nay," and vote "present."

Mr. MIZE changed his vote from "present" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

A similar House bill, H.R. 15890 was laid on the table.

APPOINTMENT OF CONFEREES ON DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that the House insist on its amendment to the bill, S. 3708, to assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes, and request a conference with the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. PATMAN]? The Chair hears none and appoints the following conferees: MESSRS. PATMAN, MULTER, BARRETT, MRS. SULLIVAN and MESSRS. REUSS, and ASHLEY, WIDNALL, FINO, and MRS. DWYER.

GENERAL LEAVE TO EXTEND REMARKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks and include extraneous matter on the bill just passed.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Arlington, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 14355. An act to amend the Railroad Retirement Act of 1937, the Railroad Unemployment Insurance Act, and the Railroad Retirement Tax Act to make certain technical changes, to provide for survivor benefits to children ages 18 to 21, inclusive, and for other purposes; and

H.R. 17285. An act to amend the Railroad Retirement Act of 1937 and the Railroad Retirement Tax Act, and for other purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 13103. An act to amend the Internal Revenue Code of 1954 to provide equitable tax treatment for foreign investment in the United States;

H.R. 14643. An act to provide for the strengthening of American educational resources for international studies and research; and

H.R. 17607. An act to suspend the investment credit and the allowance of accelerated depreciation in the case of certain real property.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 17607) entitled "An act to suspend the investment credit and the allowance of accelerated depreciation in the case of certain real property," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. LONG of Louisiana, Mr. SMATHERS, Mr. ANDERSON, Mr. WILLIAMS of Delaware, and Mr. CARLSON to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 13103) entitled "An act to amend the Internal Revenue Code of 1954 to provide equitable tax treatment for foreign investment in the United States," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. LONG of Louisiana, Mr. SMATHERS, Mr. ANDERSON, Mr. MCCARTHY, Mr. CARLSON, and Mr. BENNETT to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2720) entitled "An act to authorize the Secretary of the Interior to develop, through the use of experiment and demonstration plants, practicable and economic means for the production by the commercial fishing industry of fish protein concentrate."

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 2338. An act to authorize the erection of a memorial in the District of Columbia to Gen. John J. Pershing.

ELEMENTARY AND SECONDARY EDUCATION AMENDMENTS OF 1966

Mr. POWELL. Mr. Speaker, I ask unanimous consent that the Republican conferees on the bill (H.R. 13161) to strengthen and improve programs of assistance for our elementary and secondary schools, be excused, and that the Speaker be empowered to appoint new Republican conferees.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. GERALD R. FORD. Mr. Speaker, reserving the right to object, is the gentleman from New York going to submit the names of the additional conferees?

The SPEAKER. As the gentleman from Michigan knows, the Chair makes the appointment. The Chair always seeks the counsel and advice of the chairman, assuming that the chairman has in turn conferred with the members of his own committee on both sides. The Chair will state that he has four names.

Mr. GERALD R. FORD. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. WILLIAMS. Mr. Speaker, reserving the right to object, I think perhaps the House should have an explanation of what this is all about.

The SPEAKER. This is simply to excuse certain Republican conferees heretofore appointed on the secondary and elementary school bill from serving, and appointing other Republican conferees in lieu thereof.

Mr. WILLIAMS. That is with the concurrence of the Republican leadership, I presume.

Mr. GERALD R. FORD. Mr. Speaker, will the gentleman yield?

Mr. POWELL. I yield to the gentleman from Michigan.

Mr. GERALD R. FORD. This has our full approval.

Mr. WILLIAMS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York? The Chair hears none, and appoints the following conferees: Messrs. AYRES, QUIE, GOODELL, and BELL, and the Senate will be so notified.

HIGHER EDUCATION FACILITIES ACT OF 1963

Mr. POWELL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 14644), to amend the Higher Education Facilities Act of 1963 to extend it for 3 years, and for other purposes; and to authorize assistance to developing institutions for an additional year, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from New York? The Chair hears none, and appoints the following conferees: Mr. POWELL, Mrs. GREEN of Oregon, Messrs.

BRADEMAS, SICKLES, GIBBONS, CAREY, HATHAWAY, BURTON of California, AYRES, QUIE, REID of New York, and ERLÉNBOHN.

LEGISLATIVE PROGRAM FOR THE WEEK OF OCTOBER 17, 1966

(Mr. GERALD R. FORD asked and was given permission to address the House for 1 minute.)

Mr. GERALD R. FORD. Mr. Speaker, I take this time for the purpose of inquiring of the distinguished majority leader the program for the remainder of this week and for next.

Mr. BOGGS. Mr. Speaker, will the gentleman yield?

Mr. GERALD R. FORD. I yield to the gentleman from Louisiana.

Mr. BOGGS. Mr. Speaker, in response to the question of the gentleman from Michigan, it is my intention to ask that when the House adjourns today, that it adjourn to meet on Monday next. So there is no program for tomorrow.

On Monday we will call up the Consent Calendar plus 14 suspension bills, as follows:

H.R. 18231, comprehensive health planning;

S. 1861, Disaster Relief Act of 1966;

H.R. 9339, Children's Summer Lunch Program Act;

H.R. 14323, amending the Vocational Rehabilitation Act;

H.R. 11089, increasing authorization for airports at national parks;

S. 3389, Joseph H. Hirshhorn Museum and Sculpture Garden;

S. 1349, concerning certain vessels on inland waterways;

S. 3391, exemptions from Shipping Act, 1916;

H.R. 18217, home leave for Federal seafaring personnel;

S. 688, to provide for additional means and measures for land conservation and land utilization;

S. 3675, claims of U.S. nationals against the Chinese Communist regime;

S. 3230, relating to concessions at National Zoological Park;

H.R. 14249, in lieu payments on property transferred by Reconstruction Finance Corporation to other Government agencies; and

S. 1760, settlement of Greek loans.

On Tuesday the Private Calendar will be called.

On Tuesday also, and the balance of the week the following bills and resolutions will be considered:

H.R. 18381, supplemental appropriations bill, fiscal year 1967;

Three contempt citations—Committee on Un-American Activities;

House Resolution 1047, authorizing the Committee on House Administration to sit, hold hearings, and issue subpoenas in carrying out its duties;

House Resolution 1043, supplemental investigative authority, Committee on Banking and Currency;

House Resolution 1044, supplemental investigative authority, Committee on Education and Labor;

Oct. 17, 1966

16. RIVERS. Concurred in the Senate amendments to H. R. 13955, to establish the past and present location of a certain portion of the Colorado River (pp. 25999-600). This bill will now be sent to the President.
17. WATER POLLUTION. Both Houses agreed to the conference report on S. 2947, to amend and improve the Water Pollution Control Act (H. Rept. 2947) (pp. 26069-80, 26182-6). This bill will now be sent to the President.
Rep. Howard praised Rep. Blatnik for his work on the clean water bill. pp. 26118-9
18. HEALTH SERVICES. Passed with amendment S. 3008, to amend the Public Health Service Act to promote and assist in the extension and improvement of comprehensive health planning and public health services, to provide for a more effective use of available Federal funds for such planning and services. H. R. 18231, a similar bill which had been passed earlier under suspension of the rules, was tabled. pp. 26013-24
19. FOREIGN TRADE. Rep. Lipscomb spoke against any weakening of controls on goods going to the Communist bloc. pp. 26087-91
20. PERSONNEL. Passed with amendments S. 1496, to repeal section 3342 of title 5, USC, relating to the prohibition of employee details from the field service to the departmental service. p. 26010
Rep. Watson urged enactment of legislation to protect Government employees from undue harassment and encroachments upon their private lives before adjournment of Congress. pp. 26113-4
Rep. Patman expressed appreciation for the "great and dedicated service to the rural families of America" of Robert C. Leary, an employee of this Department. pp. 26120-1
Rep. Olsen, Mont., and Rep. Nelsen, Minn., and private citizens Robert Ramspeck, Md., and Charles O. Jones, Ariz., were appointed members of the Commission on Political Activity of Government Personnel. p. 26046

SENATE

21. APPROPRIATIONS. Received from the President a request for supplemental appropriation, for fiscal year 1967, which includes the following item for the Department: School lunch program \$9,000,000, of which \$4,000,000 is for special assistance to needy schools, \$3,000,000 for the pilot school breakfast program, \$1,000,000 for non-food assistance, and \$1,000,000 for State administration expenses (S. Doc. 117). pp. 26146-7
22. CONGRESSIONAL REORGANIZATION. Agreed to S. Res. 311, to continue authority for the Special Committee on the Organization of the Congress through Jan. 1967. p. 26153
23. DAIRY. Sen. McGovern commended Secretary Freeman's announcement "that price support will continue at the present \$4 per hundredweight level," and inserted a USDA press release on the subject. p. 26188
24. PERSONNEL. Sen. Ervin spoke against "unwarranted intrusions" on the privacy of Federal employees and inserted articles on the subject. pp. 26172-82
Passed as reported H. R. 16114, to correct inequities with respect to the determination of basic compensation of Federal employees for purposes of certain employment benefits. pp. 26221-2

25. LEGISLATIVE POWERS. Agreed to with amendment S. Res. 305, providing for the appointment of a special subcommittee of the Judiciary Committee to study encroachments by the executive and judicial branches upon the powers of the Congress. p. 26221
26. CITIES; LOANS. Conferees were appointed on S. 3708, the proposed Demonstration Cities and Metropolitan Development Act of 1966, which includes amendments to the rural-housing law. House conferees have been appointed. pp. 26204-17
27. MILITARY CONSTRUCTION. Agreed to the conference report on H. R. 17637, the military construction appropriation bill. This bill will now be sent to the President. pp. 26218-20
28. FOOD PRICES. Sen. Hart discussed a boycott of 5 supermarket firms by Denver housewives in protest against "exorbitant food prices," and inserted an article on the subject. pp. 26231-2
29. CONGRESSIONAL ACCOMPLISHMENTS. At the request of Sen. Mansfield consent was granted for the printing as a Senate document the yearend report of the accomplishments and statistics for the 89th Congress, 2nd session, with a statement by the Senator. p. 26222

ITEMS IN APPENDIX

30. WAGE-PRICE CONTROLS. Extension of remarks of Rep. Bray asking for an explanation of the reasons behind the order, "Assigning Emergency Preparedness Functions to the Attorney General," which would "institute wage and price controls, rationing," etc. pp. A5340-1
31. LEGISLATIVE RECORD. Extension of remarks of Speaker McCormack and Rep. Jacobs reviewing the legislative accomplishments of the 89th Congress. pp. A5342-6, A5354-6
32. FARM PROGRAM. Extension of remarks of Rep. Dole commending LeRoux's resignation and summarizing his booklet, "The Farmers' Worst 5 Years." p. A5351
33. DISASTER RELIEF. Speech in the House by Rep. Dwyer in support of the proposed Disaster Relief Act of 1966. p. A5358

BILLS INTRODUCED

34. RECLAMATION. H. R. 18401 by Rep. McFall, to authorize the Secretary of the Interior to construct and to provide for operation and maintenance of the Peripheral Canal unit of the Delta division of the Central Valley project, California; to Interior and Insular Affairs Committee.
35. PERSONNEL. H. R. 18404 by Rep. Watson, to protect the employees of the executive branch of the U. S. Government of their constitutional rights and to prevent unwarranted governmental invasions of their privacy; to Post Office and Civil Service Committee.

ian service to those not choosing—or not required for—military service. Such a universal draft could be seen merely as the extension of the present ten years of compulsory education to eleven or twelve. But, though a Gallup poll published in July shows 72 per cent of the people favoring such compulsory universal service, there appears to be little political support for it.

Probably not by one great new National Service Corps, either. Although Marion K. Sanders gave a good case for this in the New York Times Magazine on August 7, most of the proponents of national service prefer some form of programed diversity. Instead of a centralized bureaucracy, they seek a scheme that would be based on and would further release the power of the independent sector in American life. This would fit both the American tradition of diversity and the anti-bureaucratic mood of the younger generation.

Among ideas that the President's Advisory Commission might consider are:

Volunteer Service Fellowships. These fellowships would provide living allowances and possibly, later, educational assistance to volunteers from age sixteen and up who work in voluntary service programs, at home or abroad. Like the GI Bill of Rights, which enable individual veterans to enroll in the college or university of their choice, this program would enable individuals to seek enrollment in a wide variety of volunteer efforts, both private and public. With such volunteers available, churches, civic organizations, students associations, colleges and universities, school boards, and new institutions set up for this purpose would be encouraged to design new volunteer projects.

Volunteer Service Summers. Three-month programs would be designed for all Americans at the time they leave high school. Drawing on the experience of Outward Bound, the CCC camps, Peace Corps-VISTA training, and military basic training, they would bring together young people of all backgrounds; involve some actual service, whether in construction, conservation, or teaching; and through films, readings, discussions, and personal encounters present the wide range of volunteer opportunities open in the military, the Peace Corps, VISTA, and private programs.

A National Volunteer Registry. Every American, while in high school could be asked—but not compelled—to register in a nationally-run roster, which would then be kept up to date in later life. Registrants would record their interests, skills, volunteer experience, and available periods for service. Various volunteer agencies could use that information to recruit volunteers, sending news of relevant opportunities to the registrants at appropriate times.

Local Voluntary Service Boards. These could be established by the President to work alongside the present Selective Service Boards. They could include civic leaders, representatives of voluntary service organizations, and former Peace Corps or VISTA volunteers. They would work in the community to provide information on volunteer service opportunities, both overseas and at home.

Academic Credit for Volunteer Service. High schools, colleges, and universities could encourage students to enlist in voluntary nonmilitary programs or in the armed forces before or during their higher education. In admitting students, colleges and universities could give weight to such a period of service—or possibly even require it as a condition for admission. Or they could incorporate periods of service into their curriculum, a modification of the present "junior-year-abroad." Instead of study in Europe, students would work and learn in difficult assignments in developing areas at home or abroad, for a summer, a quarter, a semester,

a year, or the regular two-year Peace Corps term. Antioch College has pioneered work-study programs, and two colleges—Western Michigan and Franconia—have introduced five-year "Peace Corps B.A.s," in which Peace Corps service is given approximately one year's academic credit. Graduate degree programs, especially for masters in teaching, agriculture, community development, and public health, could include periods of service.

In all of these proposed programs, special consideration will have to be given to designing opportunities for noncollege high-school graduates or dropouts. William James's quaint list of duties for his "army enlisted against Nature" will not be very helpful. Our "gilded youths," he wrote, would go off "according to their choice" to "coal and iron mines, to freight trains, to fishing fleets in December, to dishwashing, clothes-washing, and window-washing, to road-building and tunnel-making, to foundries and stoke-holes, and to the frames of skyscrapers."

Neither Congress nor anybody else is going to finance the fishing fleets in December. There are, however, needs, not so exotic, which younger volunteers could help meet. One of them might even involve washing dishes and clothes. Millions of working mothers, especially in poverty-stricken families, desperately need some system of good day-care for their children. Volunteers just out of high school could be trained to provide this on assignments in homes or special day-care centers.

In many of the domestic programs for college students, high school graduates could serve as part of a team, or on their own. Arranging worthwhile assignments for the high school dropouts, the ones who fail the Army's minimal examinations, and especially those demoralized by slum living and racial discrimination, will be much more difficult. So far, the Job Corps is the main social invention in this field. We must be still more inventive if universal service is to be a reality.

How does all this affect the draft? None of the above requires a revision of the draft, but without some revision no set of new programs could approach universal voluntary service. For the present draft selection and deferment system discourages nonmilitary volunteering. As one of the members of the Marshall Commission, Kingman Brewster of Yale, has said, it encourages a "cynical avoidance of service" by imposing "involuntary military service upon those who cannot hide in the endless catacombs of formal education."

Currently, uncertainty hangs over the lives of millions of men waiting until they are twenty-six or older to know if they must go into the army. A man who volunteers for the Peace Corps knows that he may still be drafted upon his return. He may be ready to spend two years of his life in some kind of service, but for many the prospect of a combined four years of service seems too long. If the call to military service, whether by lot or the present peculiar arrangement, could come for all men right after they were eighteen, then the shadow of uncertainty would be lifted. There still might be educational deferments for those called, but these would be real deferments involving a clear commitment to serve upon graduation. Those not called would be free to volunteer for nonmilitary service without the threat of being drafted later.

The President has gone further than this. On August 19, he said he was asking the Marshall Commission to consider this specific question: "Can we—without harming national security—establish a practical system of nonmilitary alternatives to the draft?"

If such alternative service were offered to the minority of men called in the draft—not imposed upon all young men but given as an option to the fraction of men called up

to serve—this would be a quantum jump for volunteering. The recent Gallup finding suggests that the armed forces would be able to get enough men under this system. Serving in Europe and America, as most military men do, or even in Vietnam, might have more appeal to many than two or three years in American slums or Asian, African, or Latin American villages. (One proposal is for three years of nonmilitary service to be an alternative to two years in the armed forces.)

This step would still only mean "moving toward" universal service, as the President and McNamara propose. Two-thirds or more of the men subject to the draft, and all women, would be affected only if they chose to volunteer. The growth of volunteering might be only tenfold in the first years of the program—not the hundredfold increase required for truly universal service. A practical way to begin would be to increase the Peace Corps to Jack Vaughn's goal of 50,000, to turn VISTA into an organizing and supervising agency for another 50,000 domestic volunteers; to increase the Job Corps to about 50,000 and add a component of service to its work; and to begin a GI-bill kind of fellowship program for another 50,000 volunteers.

If this happened, and the idea of volunteer service spread, those drafted into the Army would soon be the minority. Then, instead of talking about exemptions for Peace Corps Volunteers, we would find the problem turned upside down. It could be said that those drafted for military service were exempt from the system of universal voluntary service. In fact, if practically all young Americans came to feel the obligation to volunteer for some kind of service, the draft might be put out of business altogether. All the calculations of the high cost of putting the military on an entirely volunteer basis leave out the possibility of universal voluntary service.

How much would such a volunteer service program cost? Not as much in a year as one month of the war in Vietnam. Not as much as doing nothing—as failing to mobilize the talents and labor of the younger generation. Not as much as hiring professional teachers or social workers or construction men—if we could find enough of them—to do what these volunteers could also do. The cost may vary from a few hundred dollars per volunteer to the Peace Corps' annual per-volunteer cost of about \$8,000. It is the cost of adding a year or two of essential public education for all American students.

This may seem high to Congressional armed service committees. Their legislative center of gravity is on defense rather than on matters concerned with education and development. Even Secretary McNamara might feel ill at ease making his case that defense is development before them—as ill at ease as Allen Ginsberg telling Congress about LSD. But Burke Marshall is a lawyer of far-ranging vision and he has a Commission of opinion-making men. They should appreciate the "fundamental question" that Secretary McNamara said he was asking:

"Who is Man? Is he a rational animal? . . . He draws blueprints for Utopia. But never quite gets it built. . . . Coercion, after all, merely captures Man. Freedom captivates him."

THE BRAIN DRAIN

Mr. MONDALE. Mr. President, I have recently received a most thoughtful and provocative letter on the brain drain, a subject to which I have addressed myself increasingly in recent months, from Mr. Frank L. Mott, a manpower analyst in the Labor Department's Office of Manpower, Automation, and Training. The views he expresses are

not intended to necessarily represent those of his Department, but rather, as he states, he is providing some of his "own personal, unofficial thoughts on the subject."

I believe that this letter is worthy of a much wider audience, and I ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF LABOR, OFFICE OF MANPOWER, AUTOMATION AND TRAINING,

Washington, D.C.

Senator WALTER F. MONDALE,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR MONDALE: In response to your letter of September 9, I wish first of all to compliment you on your excellent exposition of the complex problems generated by the "brain drain" of talented individuals from some of the less developed nations of the world. As you noted in your statement, this problem does not lend itself to easy solution. However, I am happy to give you some of my own personal, unofficial thoughts on the subject.

There is unquestionably a basic conflict between our desire not to inhibit the inherent right of individuals to move freely among the nations of the world while at the same time encouraging the continued development of the technologically less advanced nations—a development clearly dependent on a continuing supply of highly skilled technical manpower.

My personal feeling is that the only truly permanent solution to this problem is a long-range one which would involve basic institutional changes in the secondary and higher educational systems of many of these countries. As you noted in your statement, many young men and women who come to this country for their higher education pursue fields of study which are not in great demand in their home country and then, quite naturally, on completing their education, have no desire to return to a home which offers them no chance to practice in their chosen profession. Ultimately, the solution to this specific aspect of the "brain drain" problem must come from the countries themselves—through an intelligent restructuring of their secondary school programs to encourage more youth to enter fields of study more closely related to their occupational demands.

There are some things, however, which I believe we can do in this country, which might have a more immediate impact. These suggestions relate principally to those youths who enter this country on temporary student visas, but then change to permanent status and never return home. These are the youth who must be their country's "leaders of tomorrow" if the high hopes of these less developed countries are to be fulfilled.

I think in certain situations it would pay for this country to expedite the building of technical institutes for sub-professional study in underdeveloped countries even if these institutes do not match up to the quality of an established institute in this country. We might even supply many of the key personnel to run these institutes. It would be an investment well spent as the needs of many of these countries are basic and it may be better at this time for them to turn out large numbers of sub-professional workers who then are immediately available in their home country than a much smaller number of very highly trained engineers and scientists who on receiving their training in this country often do not even go home.

Analogously, perhaps we might put a larger part of our funds in this area into expediting the construction of two-year colleges in these foreign countries. In this way a relatively large number of youths would be able to receive some college level training which they would immediately be able to put into practice. The alternative, which we have at present, is in many cases "overtraining" a smaller number of youths in this country to a skill level above most technical tasks in their home country.

Another possible way to cut down on this drain of young scholars would be to stipulate that all youth who come to this country on a student visa must return home for a specified period on completing their education before being eligible for immigrant status. While this might work hardships on individuals in some cases it nevertheless would be relatively equitable to the extent that all youth would know of this stipulation before they come to this country to study. In all likelihood, once these youth did return home for, let us say, a year or two, many would remain. I think that a provision of this nature, if implemented, should be complemented by intensive efforts by private and public sources to provide adequate "reindoctrination" for the youth before he goes back home to a culture which in many ways may have become more "foreign" to him during his absence than our own.

Also, I wonder what the possibilities would be for allowing foreign students to participate in our Peace Corps, or other advisory type, programs and then serve either in their home country or in a similar country with which they surely have a greater familiarity than most of their American counterparts?

In general, I would favor methods which are of a voluntary nature to solve this problem rather than legislative provisions, as being more in keeping with our traditional policies favoring the free international movement of individuals.

Sincerely yours,

FRANK MOTT.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded.

Mr. MUSKIE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS

Mr. MUSKIE. Mr. President, I move that the Senate stand in recess subject to the call of the Chair.

The motion was agreed to; and (at 12 o'clock and 46 minutes p.m.) the Senate took a recess subject to the call of the Chair.

At 1 o'clock and 27 minutes p.m., the Senate reassembled, when called to order by the Presiding Officer (Mr. HART in the chair).

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its

reading clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 84. An act to provide for reimbursement to the State of Wyoming for improvements made on certain lands in Sweetwater County, Wyo., if and when such lands revert to the United States;

S. 1556. An act to authorize the Board of Governors of the Federal Reserve System to delegate certain of its functions, and other purposes;

S. 2829. An act to amend section 301(a) (7) of the Immigration and Nationality Act;

S. 2979. An act to extend coverage of the State Technical Services Act of 1965 to the territory of Guam; and

S. 3391. An act to amend the Shipping Act, 1916, as amended, to authorize exemption from the provisions of the act.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H.R. 13955) to establish the past and present location of a certain portion of the Colorado River for certain purposes.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 13103) to amend the Internal Revenue Code of 1954 to provide equitable tax treatment for foreign investment in the United States; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MILLS, Mr. KING of California, Mr. BOGGS, Mr. KEOGH, Mr. BYRNES of Wisconsin, Mr. CURTIS, and Mr. UTT were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 17607) to suspend the investment credit and the allowance of accelerated depreciation in the case of certain real property; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MILLS, Mr. KING of California, Mr. BOGGS, Mr. KEOGH, Mr. BYRNES of Wisconsin, Mr. CURTIS, and Mr. UTT were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills:

S. 2338. An act to authorize the erection of a memorial in the District of Columbia to Gen. John J. Pershing; and

S. 3298. An act to amend the Federal Hazardous Substances Labeling Act to ban hazardous toys and articles intended for children, and other articles so hazardous as to be dangerous in the household regardless of labeling, and to apply to unpackaged articles intended for household use, and for other purposes.

DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966

Mr. MANSFIELD. Mr. President, on behalf of the distinguished Senator from Alabama [Mr. SPARKMAN], I make the following statement: The House of Representatives has passed Senate bill 3708 with an amendment. It has insisted

upon the House amendment and has requested an immediate conference with the Senate. Conferees on the part of the House have been appointed.

I ask that the Chair lay before the Senate the amendment of the House of Representatives to S. 3708.

The PRESIDING OFFICER (Mr. HART in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 3708) to assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes which was, to strike out all after the enacting clause and insert:

That this Act may be cited as the "Demonstration Cities and Metropolitan Development Act of 1966".

TITLE I—COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

Findings and declaration of purpose

SEC. 101. The Congress hereby finds and declares that improving the quality of urban life is the most critical domestic problem facing the United States. The persistence of widespread urban slums and blight, the concentration of persons of low income in older urban areas, and the unmet needs for additional housing and community facilities and services arising from rapid expansion of our urban population have resulted in a marked deterioration in the quality of the environment and the lives of large numbers of our people while the Nation as a whole prospers.

The Congress further finds and declares that cities, of all sizes, do not have adequate resources to deal effectively with the critical problems facing them, and that Federal assistance in addition to that now authorized by the urban renewal program and other existing Federal grant-in-aid programs is essential to enable cities to plan, develop, and conduct programs to improve their physical environment, increase their supply of adequate housing for low- and moderate-income people, and provide educational and social services vital to health and welfare.

The purposes of this title are to provide additional financial and technical assistance to enable cities of all sizes (with equal regard to the problems of small as well as large cities) to plan, develop, and carry out locally prepared and scheduled comprehensive city demonstration programs containing new and imaginative proposals to rebuild or revitalize large slum and blighted areas; to expand housing, job, and income opportunities; to reduce dependence on welfare payments; to improve educational facilities and programs; to combat disease and ill health; to reduce the incidence of crime and delinquency; to enhance recreational and cultural opportunities; to establish better access between homes and jobs; and generally to improve living conditions for the people who live in such areas, and to accomplish these objectives through the most effective and economical concentration and coordination of Federal, State, and local public and private efforts to improve the quality of urban life.

Basic authority

SEC. 102. The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to make grants and provide technical assistance, as provided by this title, to enable city demonstration agencies (as defined in section 112(2)) to plan, develop, and carry out comprehensive city demonstration programs in accordance with the purposes of this title.

Eligibility for assistance

SEC. 103. (a) A comprehensive city demonstration program is eligible for assistance under sections 105 and 107 only if—

(1) physical and social problems in the area of the city covered by the program are such that a comprehensive city demonstration program is necessary to carry out the policy of the Congress as expressed in section 101;

(2) the program is of sufficient magnitude to make a substantial impact on the physical and social problems and to remove or arrest blight and decay in entire sections or neighborhoods; to contribute to the sound development of the entire city; to make marked progress in reducing social and educational disadvantages, ill health, underemployment, and enforced idleness; and to provide educational, health, and social services necessary to serve the poor and disadvantaged in the area, widespread citizen participation in the program, maximum opportunities for employing residents of the area in all phases of the program, and enlarged opportunities for work and training;

(3) the program, including rebuilding or restoration, will contribute to a well-balanced city with a substantial increase in the supply of standard housing of low and moderate cost, maximum opportunities in the choice of housing accommodations for all citizens of all income levels, adequate public facilities (including those needed for education, health and social services, transportation, and recreation), commercial facilities adequate to serve the residential areas, and ease of access between the residential areas and centers of employment;

(4) the various projects and activities to be undertaken in connection with such programs are scheduled to be initiated within a reasonably short period of time; adequate local resources are, or will be, available for the completion of the program as scheduled, and, in the carrying out of the program, the fullest utilization possible will be made of private initiative and enterprise; administrative machinery is available at the local level for carrying out the program on a consolidated and coordinated basis; substantive local laws, regulations, and other requirements are, or can be expected to be, consistent with the objectives of the program; there exists a relocation plan meeting the requirements of the regulations referred to in section 107; the local governing body has approved the program and, where appropriate, applications for assistance under the program; agencies whose cooperation is necessary to the success of the program have indicated their intent to furnish such cooperation; the program is consistent with comprehensive planning for the entire urban or metropolitan area; and the locality will maintain, during the period an approved comprehensive city demonstration program is being carried out, a level of aggregate expenditures for activities similar to those being assisted under this title which is not less than the level of aggregate expenditures for such activities prior to initiation of the comprehensive city demonstration program; and

(5) the program meets such additional requirements as the Secretary may establish to carry out the purposes of this title: *Provided*, That the authority of the Secretary under this paragraph shall not be used to impose criteria or establish requirements except those which are related and essential to the specific provisions of this title.

(b) In implementing this title the Secretary shall—

(1) emphasize local initiative in the planning, development, and implementation of comprehensive city demonstration programs;

(2) insure, in conjunction with other appropriate Federal departments and agencies and at the direction of the President, maximum coordination of Federal assistance provided in connection with this title, prompt response to local initiative, and maximum

flexibility in programing, consistent with the requirements of law and sound administrative practice; and

(3) encourage city demonstration agencies to (A) enhance neighborhoods by applying a high standard of design, (B) maintain, as appropriate, natural and historic sites and distinctive neighborhood characteristics, and (C) make maximum possible use of new and improved technology and design, including cost reduction techniques.

(c) The preparation of demonstration city programs should include to the maximum extent feasible (1) the performance of analyses that provide explicit and systematic comparisons of the costs and benefits, financial and otherwise, of alternative possible actions or courses of action designed to fulfill urban needs; and (2) the establishment of programing systems designed to assure effective use of such analyses by city demonstration agencies and by other government bodies.

(d) Nothing in this section shall authorize the Secretary to require (or condition the availability or amount of financial assistance authorized to be provided under this title upon) the adoption by any community of a program (1) by which pupils now resident in a school district not within the confines of the area covered by the city demonstration program shall be transferred to a school or school district including all or part of such area, or (2) by which pupils now resident in a school district within the confines of the area covered by the city demonstration program shall be transferred to a school or school district not including a part of such area.

Financial assistance for planning comprehensive city demonstration programs

SEC. 104. (a) The Secretary is authorized to make grants to, and to contract with, city demonstration agencies to pay 80 per centum of the costs of planning and developing comprehensive city demonstration programs.

(b) Financial assistance will be provided under this section only if (1) the application for such assistance has been approved by the local governing body of the city, and (2) the Secretary has determined that there exist (A) administrative machinery through which coordination of all related planning activities of local agencies can be achieved, and (B) evidence that necessary cooperation of agencies engaged in related local planning can be obtained.

Financial assistance for approved comprehensive city demonstration programs

SEC. 105. (a) The Secretary is authorized, to approve comprehensive city demonstration programs if, after review of the plans, he determines that such plans satisfy the criteria for such programs set forth in section 103.

(b) The Secretary is authorized to make grants to, and to contract with, city demonstration agencies to pay 80 per centum of the cost of administering approved comprehensive city demonstration programs, but not the cost of administering any project or activity assisted under a Federal grant-in-aid program.

(c) To assist the city to carry out the projects or activities included within an approved comprehensive city demonstration program, the Secretary is authorized to make grants to the city demonstration agency of not to exceed 80 per centum of the aggregate amount of non-Federal contributions otherwise required to be made to all projects or activities assisted by Federal grant-in-aid programs (as defined in section 112(1)) which are carried out in connection with such demonstration program: *Provided*, That no Federal grant-in-aid program shall be considered to be carried out in connection with such demonstration program unless it is closely related to the physical and social problems in the area of the city covered by the program and unless it can reasonably be

expected to have a noticeable effect upon such problems. The specific amount of any such grant shall take into account the number and intensity of the economic and social pressures in the sections or neighborhoods involved, such as those involving or resulting from population density, poverty levels, unemployment rate, public welfare participation, educational levels, health and disease characteristics, crime and delinquency rate, and degree of substandard and dilapidated housing. The amount of non-Federal contribution required for each project in a Federal grant-in-aid program shall be certified to the Secretary by the Federal department or agency (other than the Department of Housing and Urban Development) administering such program, and the Secretary shall accept such certification in computing the grants hereunder.

(d) Grant funds, provided pursuant to subsection (c) of this section shall be used for projects or activities assisted under a Federal grant-in-aid program which are undertaken as part of an approved comprehensive city demonstration program, or for other projects or activities undertaken as part of such demonstration program. If used for projects or activities assisted under a Federal grant-in-aid program which are undertaken as part of such demonstration program, funds provided pursuant to subsection (c) shall be credited as part or all of the required non-Federal contribution to such projects or activities. Such grant funds, however, shall not be used—

(1) for the general administration of local governments; or

(2) to replace non-Federal contributions in any federally aided project or activity included in an approved comprehensive city demonstration program, if prior to the filing of an application for assistance under section 104 an agreement has been entered into with any Federal agency obligating such non-Federal contributions with respect to such project or activity.

Technical assistance

SEC. 106. The Secretary is authorized to undertake such activities as he determines to be desirable to provide, either directly or by contracts or other arrangements, technical assistance to city demonstration agencies to assist such agencies in planning, developing, and administering comprehensive city demonstration programs.

Relocation requirements and payments

SEC. 107. (a) A comprehensive city demonstration program shall include a plan for the relocation of individuals, families, business concerns, and nonprofit organizations displaced or to be displaced in the carrying out of such program. The relocation plan shall be consistent with regulations prescribed by the Secretary to assure that (1) the provisions and procedures included in the plan meet relocation standards equivalent to those prescribed under section 105(c) of the Housing Act of 1949 with respect to urban renewal projects assisted under title I of that Act, and (2) relocation activities are coordinated to the maximum extent feasible with the increase in the supply of decent, safe, and sanitary housing for families and individuals of low or moderate income, as provided under the comprehensive city demonstration program, or otherwise, in order to best maintain the available supply of housing for all such families and individuals throughout the city.

(b)(1) To the extent not otherwise authorized under any Federal law, financial assistance extended to a city demonstration agency under section 105 shall include grants to cover the full cost of relocation payments, as herein defined. Such grants shall be in addition to other financial assistance extended to such agency under section 105.

(2) The term "relocation payments" means payments by a city demonstration agency to

a displaced individual, family, business concern, or nonprofit organization which are made on such terms and conditions and subject to such limitation (to the extent applicable, but not including the date of displacement) as are provided for relocation payments, at the time such payments are approved, by section 114 (b), (c), (d), and (e) of the Housing Act of 1949 with respect to projects assisted under title I thereof.

(c) Subsection (b) shall not be applicable with respect to any displacement occurring prior to the date of the enactment of this Act.

Continued availability of Federal grant-in-aid program funds

SEC. 108. Notwithstanding any other provision of law, unless hereafter enacted expressly in limitation of the provisions of this section, funds appropriated for a Federal grant-in-aid program which are reserved for any projects or activities assisted under such grant-in-aid program and undertaken in connection with an approved comprehensive city demonstration program shall remain available until expended.

Consultation

SEC. 109. In carrying out the provisions of this title, including the issuance of regulations, the Secretary shall consult with other Federal departments and agencies administering Federal grant-in-aid programs. The Secretary shall consult with each Federal department and agency affected by each comprehensive city demonstration program before entering into a commitment to make grants for such program under section 105.

Labor standards

SEC. 110. (a) All laborers and mechanics employed by contractors or subcontractors in the construction, rehabilitation, alteration, or repair of projects which—

(1) are federally assisted in whole or in part under this title and

(2) are not otherwise subject to section 212 of the National Housing Act, section 16 (2) of the United States Housing Act of 1937, section 109 of the Housing Act of 1949, or any other provision of Federal law imposing labor standards on federally assisted construction, shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5): *Provided*, That this section shall apply to the construction, rehabilitation, alteration, or repair of residential property only if such residential property is designed for residential use for eight or more families. No financial assistance shall be extended to any such projects unless adequate assurance is first obtained that these labor standards will be maintained upon the construction work.

(b) The Secretary of Labor shall have, with respect to the labor standards specified in subsection (a), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c), and the Contract Work Hours Standards Act (76 Stat. 357).

Appropriations

SEC. 111. (a) There are authorized to be appropriated, for the purpose of financial assistance and administrative expenses under sections 104 and 106, not to exceed \$12,000,000 for the fiscal year ending June 30, 1967, and not to exceed \$12,000,000 for the fiscal year ending June 30, 1968.

(b) There are authorized to be appropriated, for the purpose of financial assistance and administrative expenses under sections 105, 106, and 107, not to exceed \$400,000,000 for the fiscal year ending June 30, 1968, and not to exceed \$500,000,000 for the fiscal year ending June 30, 1969.

(c) Appropriations authorized under this section shall remain available until expended.

Definitions

SEC. 112. As used in this title—

(1) "Federal grant-in-aid program" means a program of Federal financial assistance other than loans and other than the assistance provided by this title.

(2) "City demonstration agency" means the city, the county, or any local public agency established or designated by the local governing body of such city or county to administer the comprehensive city demonstration program.

(3) "City" means any municipality (or two or more municipalities acting jointly) or any county or other public body (or two or more acting jointly) having general governmental powers.

(4) "Local" agencies include State agencies and instrumentalities providing services or resources to a city or locality, and "local" resources include those provided to a city or locality by a State or its agency or instrumentality.

Grant authority for urban renewal projects which are part of approved comprehensive city demonstration programs

SEC. 113. Section 103(b) of the Housing Act of 1949 is amended by inserting after the first sentence the following new sentence: "In addition to the authority to make grants provided in the first sentence of this subsection, the Secretary may contract to make grants under this title, on or after July 1, 1967, in an amount not to exceed \$250,000,000: *Provided*, That the authority to contract to make grants provided by this sentence shall be exercised only with respect to an urban renewal project which is identified and scheduled to be carried out as one of the projects or activities included within an approved comprehensive city demonstration program assisted under the provisions of section 105(c) of the Demonstration Cities and Metropolitan Development Act of 1966."

State limit

SEC. 114. Grants made under section 105 for projects in any one State shall not exceed in the aggregate 15 per centum of the aggregate amount of funds authorized to be appropriated under section 111.

TITLE II—PLANNED METROPOLITAN DEVELOPMENT

Findings and declaration of purpose

SEC. 201. (a) The Congress hereby finds that the welfare of the Nation and of its people is directly dependent upon the sound and orderly development and the effective organization and functioning of the metropolitan areas in which two-thirds of its people live and work.

It further finds that the continuing rapid growth of these areas makes it essential that they prepare, keep current, and carry out comprehensive plans and programs for their orderly physical development with a view to meeting efficiently all their economic and social needs.

It further finds that metropolitan areas are especially handicapped in this task by the complexity and scope of governmental services required in such rapidly growing areas, the multiplicity of political jurisdictions and agencies involved, and the inadequacy of the operational and administrative arrangements available for cooperation among them.

It further finds that present requirements for areawide planning and programing in connection with various Federal programs have materially assisted in the solution of metropolitan problems, but that greater coordination of Federal programs and additional participation and cooperation are needed from the States and localities in perfecting and carrying out such efforts.

(b) It is the purpose of this title to provide, through greater coordination of Fed-

eral programs and through supplementary grants for certain federally assisted development projects, additional encouragement and assistance to States and localities for making comprehensive metropolitan planning and programing effective.

Cooperation between Federal agencies

SEC. 202. In order to insure that all Federal programs related to metropolitan development are carried out in a coordinated manner—

(1) The Secretary is authorized to call upon other Federal agencies to supply such statistical data, program reports, and other materials as he deems necessary to discharge his responsibilities for metropolitan development, and to assist the President in coordinating the metropolitan development efforts of all Federal agencies; and

(2) all Federal agencies which are engaged in administering programs related to metropolitan development, or which otherwise perform functions relating thereto, shall, to the maximum extent practicable, consult with and seek advice from all other significantly affected Federal departments and agencies in an effort to assure fully coordinated programs.

Coordination of Federal aids in metropolitan areas

SEC. 203. (a) All applications made after June 30, 1967, for Federal loans or grants to assist in carrying out open-space land projects or for the planning or construction of hospitals, airports, libraries, water supply and distribution facilities, sewerage facilities and waste treatment works, highways, transportation facilities, and water development and land conservation projects within any metropolitan area shall be submitted for review—

(1) to any areawide agency which is designated to perform metropolitan or regional planning for the area within which the assistance is to be used, and which is, to the greatest practicable extent, composed of our responsible to the elected officials of a unit of areawide government or of the units of general local government within whose jurisdiction such agency is authorized to engage in such planning, and

(2) if made by a special purpose unit of local government, to the unit or units of general local government with authority to operate in the area within which the project is to be located.

(b) (1) Except as provided in paragraph (2) of this subsection, each application shall be accompanied (A) by the comments and recommendations with respect to the project involved by the areawide agency and governing bodies of the units of general local government to which the application has been submitted for review, and (B) by a statement by the applicant that such comments and recommendations have been considered prior to formal submission of the application. Such comments shall include information concerning the extent to which the project is consistent with comprehensive planning developed or in the process of development for the metropolitan area or the unit of general local government, as the case may be, and the extent to which such project contributes to the fulfillment of such planning. The comments and recommendations and the statement referred to in this paragraph shall, except in the case referred to in paragraph (2) of this subsection, be reviewed by the agency of the Federal Government to which such application is submitted for the sole purpose of assisting it in determining whether the application is in accordance with the provisions of Federal law which govern the making of the loans or grants.

(2) An application for a Federal loan or grant need not be accompanied by the com-

ments and recommendations and the statements referred to in paragraph (1) of this subsection, if the applicant certifies that a plan or description of the project, meeting the requirements of such rules and regulations as may be prescribed under subsection (c), or such application, has lain before an appropriate areawide agency or instrumentality or unit of general local government for a period of sixty days without comments or recommendations thereon being made by such agency or instrumentality.

(3) The requirements of paragraph (1) and (2) shall also apply to any amendment of the application which, in light of the purposes of this title, involves a major change in the project covered by the application prior to such amendment.

(c) The Bureau of the Budget, or such other agency as may be designated by the President, is hereby authorized to prescribe such rules and regulations as are deemed appropriate for the effective administration of this section.

Grants to assist in planned metropolitan development

SEC. 204. (a) The Secretary is authorized to make supplementary grants to applicant State and local public bodies and agencies carrying out, or assisting in carrying out, metropolitan development projects meeting the requirements of this section.

(b) Grants may be made under this section only for metropolitan development projects in metropolitan areas for which it has been demonstrated, to the satisfaction of the Secretary, that—

(1) metropolitanwide comprehensive planning and programing provide an adequate basis for evaluating (A) the location, financing, and scheduling of individual public facility projects (including but not limited to hospitals and libraries; sewer, water, and sewage treatment facilities; highway, mass transit, airport, and other transportation facilities; and recreation and other open-space areas) whether or not federally assisted; and (B) other proposed land development or uses, which projects or uses, because of their size, density, type, or location, have public metropolitanwide or interjurisdictional significance;

(2) adequate metropolitanwide institutional or other arrangements exist for coordinating, on the basis of such metropolitanwide comprehensive planning and programing, local public policies and activities affecting the development of the area; and

(3) public facility projects and other land development or uses which have a major impact on the development of the area are, in fact, being carried out in accord with such metropolitanwide comprehensive planning and programing.

(c) (1) Where the applicant for a grant under this section is a unit of general local government, it must demonstrate to the satisfaction of the Secretary that, taking into consideration the scope of its authority and responsibilities, it is adequately assuring that public facility projects and other land development or uses of public metropolitanwide or interjurisdictional significance are being, and will be, carried out in accord with metropolitan planning and programing meeting the requirements of subsection (b). In making this determination the Secretary shall give special consideration to whether the applicant is effectively assisting in, and conforming to, metropolitan planning and programing through (A) the location and scheduling of public facility projects, whether or not federally assisted; and (B) the establishment and consistent administration of zoning codes, subdivision regulations, and similar land-use and density controls.

(2) Where the applicant for a grant under this section is not a unit of general local government, both it and the unit of general

local government having jurisdiction over the location of the project must meet the requirements of this subsection.

(d) In making the determinations required under this section, the Secretary shall obtain, and give full consideration to, the comments of the body or bodies (State or local) responsible for comprehensive planning and programing for the metropolitan area.

(e) No grant shall be made under this section with respect to a metropolitan development project for which a Federal grant has been made or a contract of assistance has been entered into, under the legislation referred to in paragraph (2) of section 207, prior to February 21, 1966, or more than one year prior to the date on which the Secretary has made the determinations required under this section with respect to the applicant and to the area in which the project is located: *Provided*, That in the case of a project for which a contract of assistance under the legislation referred to in paragraph (2) of section 207 has been entered into after June 30, 1967, no grant shall be made under this section unless an application for such grant has been made on or before the date of such contract.

(f) Nothing in this section shall authorize the Secretary to require (or condition the availability or amount of financial assistance authorized to be provided under this title upon) the adoption by any community of a program to achieve a racial balance or to eliminate racial imbalance within school districts within the metropolitanwide area.

Extent of grant

SEC. 205. (a) A grant under section 204 shall not exceed (1) 20 per centum of the cost of the project for which the grant is made; nor (2) the Federal grant made with respect to the project under the legislation referred to in paragraph (2) of section 207. In no case shall the total Federal contributions to the cost of such project be more than 80 per centum. Notwithstanding any other provision of law, including requirements with respect to non-Federal contributions, grants under section 204 shall be eligible for inclusion (directly or through refunds or credits) as part of the financing for such projects: *Provided*, That projects or activities on the basis of which assistance is provided under section 105(c) shall not be eligible for assistance under section 204.

(b) There are authorized to be appropriated for grants under section 204 not to exceed \$25,000,000 for the fiscal year ending June 30, 1967, and not to exceed \$50,000,000 for the fiscal year ending June 30, 1968. Appropriations authorized under this section shall remain available until expended.

Consultation and certification

SEC. 206. In carrying out his authority under section 204, including the issuance of regulations, the Secretary shall consult with the Department of the Interior; the Department of Health, Education, and Welfare; the Department of Commerce; and the Federal Aviation Agency with respect to metropolitan development projects assisted by those departments and agencies; and he shall, for the purpose of section 205, accept their respective certifications as to the cost of those projects and the amount of the non-Federal contribution paid or to be paid to that cost.

Definitions

SEC. 207. As used in this title—

(1) "Metropolitan development" means all projects or programs for the acquisition, use, and development of open-space land; and the planning and construction of hospitals, libraries, airports, water supply and distribution facilities, sewerage facilities and waste treatment works, transportation facilities, highways, water development and

land conservation, and other public works facilities.

(2) "Metropolitan development project" means a project assisted or to be assisted under section 702 of the Housing and Urban Development Act of 1965; title II of the Library Services and Construction Act; section 606 of the Public Health Service Act; section 8 of the Federal Water Pollution Control Act; section 120(a) of title 23, United States Code; section 12 of the Federal Airport Act; section 3 of the Urban Mass Transportation Act of 1964; title VII of the Housing Act of 1961; or section 5(e) of the Land and Water Conservation Fund Act of 1965; or under section 101(a) (1) of the Public Works and Economic Development Act of 1965 (for a project of a type which the Secretary determines to be eligible for assistance under any of the other provisions listed above).

(3) "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or an agency or instrumentality of any of the foregoing.

(4) "Metropolitan area" means a standard metropolitan statistical area as established by the Bureau of the Budget, subject however to such modifications and extensions as the Secretary may determine to be appropriate for the purposes of this title.

(5) "Comprehensive planning" includes the following, to the extent directly related to area needs or needs of a unit of general local government: (A) Preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities, including transportation facilities; (B) programing of capital improvements based on a determination of relative urgency; (C) long-range fiscal plans for implementing such plans and programs; and (D) proposed regulatory and administrative measures which aid in achieving coordination of all related plans of the departments or subdivisions of the governments concerned and intergovernmental coordination of related planned activities among the State and local governmental agencies concerned.

(6) "Hospital" means any public health center or general, tuberculosis, mental, chronic disease, and other type of hospital and related facilities, such as laboratories, outpatient departments, nurses' home and training facilities, and central service facilities normally operated in connection with hospitals, but does not include any hospital furnishing primarily domiciliary care.

(7) "Areawide agency" means an official State or metropolitan or regional agency empowered under State or local laws or under an interstate compact or agreement to perform comprehensive planning in an area; an organization of the type referred to in section 701(g) of the Housing Act of 1954; or such other agency or instrumentality as may be designated by the Governor (or, in the case of metropolitan areas crossing State lines, any one or more of such agencies or instrumentalities as may be designated by the Governors of the States involved) to perform such planning.

(8) "Special purpose unit of local government" means any special district, public-purpose corporation, or other limited-purpose political subdivision of a State, but shall not include a school district.

(9) "Unit of general local government" means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

(10) "Secretary" means the Secretary of Housing and Urban Development.

State limit

SEC. 208. Grants made under section 204 for projects in any one State shall not exceed in the aggregate 15 per centum of the aggregate

amount of funds authorized to be appropriated pursuant to section 205(b).

TITLE III—FHA INSURANCE OPERATIONS

FHA mortgage financing for veterans

SEC. 301. The next to last sentence of section 203(b) (2) of the National Housing Act is amended by striking out "If the mortgagor is a veteran who has not received any direct, guaranteed, or insured loan under laws administered by the Veterans' Administration for the purchase, construction, or repair of a dwelling (including a farm dwelling) which was to be owned and occupied by him as his home," and inserting in lieu thereof the following: "If the mortgagor is a veteran,".

Areas affected by civil disorders

SEC. 302. (a) Section 203 of the National Housing Act is amended by adding after subsection (1) (added by section 101 of this Act) a new subsection as follows:

"(m) The Secretary is authorized to insure under this section any mortgage meeting the requirements of this section, other than the requirement in subsection (c) relating to economic soundness, if he determines that (1) the dwelling covered by the mortgage is situated in an area in which rioting or other civil disorders have occurred or are threatened, (2) as a result of such actual or threatened rioting or other disorders the property with respect to which the mortgage is executed cannot meet the normal requirements with respect to economic soundness, and (3) such property is an acceptable risk giving due consideration to the need for providing adequate housing for families of low and moderate income in such area."

Cooperative housing insurance fund

SEC. 303. (a) Section 213(m) of the National Housing Act is amended by striking out ", but only in cases where the consent of the mortgagee or lender to the transfer is obtained or a request by the mortgagee or lender for the transfer is received by the Commissioner within such period of time after the date of the enactment of this subsection as the Commissioner shall prescribe".

(b) Section 213(n) of such Act is amended—

(1) by striking out "insured under this section and sections 207, 231, and 232" and inserting in lieu thereof "the insurance of which is the obligation of either the Management Fund or the General Insurance Fund"; and

(2) by adding at the end thereof the following new sentence: "Premium charges on the insurance of mortgages or loans transferred to the Management Fund or insured pursuant to commitments transferred to the Management Fund may be payable in debentures which are the obligation of either the Management Fund or the General Insurance Fund."

(c) (1) The fourth sentence of section 213(k) of such Act is amended to read as follows: "The Secretary is directed to transfer to the Management Fund from the General Insurance Fund an amount equal to the total of the premium payments theretofore made with respect to the insurance of mortgages and loans transferred to the Management Fund pursuant to subsection (m) minus the total of any administrative expenses theretofore incurred in connection with such mortgages and loans, plus such other amounts as the Secretary determines to be necessary and appropriate."

(2) The second proviso in section 213(l) of such Act is amended by striking out "pursuant to subsection (k) or (o)" and inserting in lieu thereof "pursuant to subsection (o)".

Mortgage limits for cooperative housing

SEC. 304. Section 213(b) (2) of the National Housing Act is amended—

(1) by striking out "\$9,000", "\$12,500", "\$15,000", "\$18,500", and "\$21,000" in the matter preceding the first proviso and in-

serting in lieu thereof "\$11,500", "\$15,000", "\$17,500", "\$21,000", and "\$23,500", respectively; and

(2) by striking out "\$10,500", "\$15,000", "\$18,000", "\$22,500" and "\$25,500" in the first proviso and inserting in lieu thereof "\$13,000", "\$17,500", "\$20,500", "\$25,000", and "\$28,000", respectively.

Supplementary financing for cooperative housing

SEC. 305. Section 213(j) (2) (A) of the National Housing Act is amended by adding at the end thereof the following: "except that, in the case of improvements or additional community facilities, the outstanding indebtedness may be increased by an amount equal to 97 per centum of the amount which the Secretary estimates will be the value of such improvements or facilities, and the new outstanding indebtedness may exceed the original principal obligation of the mortgage if such new outstanding indebtedness does not exceed the limitations imposed by subsection (b)";.

Exterior land improvements under cooperative housing mortgages

SEC. 306. Section 213(b) (2) of the Housing Act is amended by striking out "as defined by the Commissioner" and inserting in lieu thereof "as defined by the Secretary, and the increase in the value of the land subject to the mortgage by reason of off-site special improvements, as defined by the Secretary, which are for the use and benefit of the occupants of the mortgaged property".

Mortgage limits under section 220 sales housing mortgage insurance program

SEC. 307. (a) Section 220(d) (3) (A) (i) of the National Housing Act is amended by striking out "(3) 75 per centum of such replacement cost in excess of \$20,000" and inserting in lieu thereof "(3) 80 per centum of such replacement cost in excess of \$20,000".

(b) Section 220(d) (3) (A) (i) of such Act is further amended by adding before the semicolon at the end thereof the following: "Provided further, That if the mortgagor is a veteran and the mortgage to be insured under this section covers property upon which there is located a dwelling designed principally for a one-family residence, the principal obligation may be in an amount equal to the sum of (1) 100 per centum of \$15,000 of the Commissioner's estimate of replacement cost of the property, as of the date the mortgage is accepted for insurance, (2) 90 per centum of such replacement cost in excess of \$15,000 but not in excess of \$20,000, and (3) 85 per centum of such replacement cost in excess of \$20,000. As used herein, the term 'veteran' means any person who served on active duty in the Armed Forces of the United States for a period of not less than ninety days (or is certified by the Secretary of Defense as having performed extra-hazardous service), and who was discharged or released therefrom under conditions other than dishonorable".

Increased mortgage limitations under section 220(d) (3) (B) for small projects containing larger family dwelling units

SEC. 308. (a) Section 220(d) (3) (B) (iii) of the National Housing Act is amended by inserting after "and except that" the following: "with respect to rehabilitation projects involving not more than five family units, the Secretary may by regulation increase by 25 per centum any of the foregoing dollar amount limitations contained in this clause which are applicable to units with two, three, or four or more bedrooms: Provided, That".

(b) Section 220(d) (3) (B) (iii) of such Act is further amended—

(1) by inserting immediately before "by not to exceed 45 per centum" the following: "(as determined after the application of the preceding proviso)"; and

(2) by striking out "Provided, That nothing" and inserting in lieu thereof "Provided further, That nothing".

Mortgage limits for homes under section 221(d)(2)

SEC. 309. Section 221(d)(2)(A) of the National Housing Act is amended by striking out "\$11,000" and "\$18,000" and inserting in lieu thereof "\$12,500" and "\$20,000", respectively.

Nondwelling facilities in section 221 projects in urban renewal areas

SEC. 310. Section 221(f) of the National Housing Act is amended by inserting before the period at the end of the first sentence the following: "Provided, That in the case of any such property or project located in an urban renewal area, the provisions of section 220(d)(3)(B)(iv) shall apply with respect to the nondwelling facilities which may be included in the mortgage if the mortgagor waives the right to receive dividends on its equity investment in the portion thereof devoted to community and shopping facilities".

Occupants in section 221(d)(3) housing

SEC. 311. (a) Section 221(f) of the National Housing Act is amended by adding at the end thereof the following new sentence: "Low- and moderate-income persons who are less than 62 years of age shall be eligible for occupancy of dwelling units in a project financed with a mortgage insured under subsection (d)(3), but not more than 10 per centum of the dwelling units in any such project shall be available for occupancy by such persons."

(b) Section 221(f) of such Act is further amended by adding at the end thereof (after the sentence added by subsection (a) of this section) the following new sentence: "For purposes of determining eligibility for occupancy of dwelling units in a project financed with a mortgage insured under subsection (d)(3) which receives the benefits of the interest rate provided for in the proviso in subsection (d)(5), a family or person with an annual income of more than \$10,000 shall in no case be considered to be a family or person of low or moderate income."

Insurance of mortgages under section 221 to finance purchase and rehabilitation by nonprofit organizations of housing for resale to low-income purchasers.

SEC. 312. (a) Section 221 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(h)(1) In addition to mortgages insured under the other provisions of this section, the Secretary is authorized, upon application by the mortgagee, to insure under this subsection as hereinafter provided any mortgage (including advances under such mortgage during rehabilitation) which is executed by a nonprofit organization to finance the purchase and rehabilitation of deteriorating or substandard housing for subsequent resale to low-income home purchasers and, upon such terms and conditions as the Secretary may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

"(2) To be eligible for insurance under paragraph (1) of this subsection, a mortgage shall—

"(A) be executed by a private nonprofit corporation or association approved for purposes of this subsection by the Secretary, for the purpose of financing the purchase of property (comprising one or more tracts or parcels, whether or not contiguous) upon which there is located deteriorating or substandard housing consisting of five or more single-family dwellings of detached, semi-detached, or row construction and of rehabilitating such dwellings with a view to subsequent resale as hereinafter provided;

"(B) be secured by the property which is to be purchased and rehabilitated with the proceeds thereof;

"(C) be in a principal amount not exceeding the appraised value of the property

at the time of its purchase under the mortgage plus the estimated cost of the rehabilitation;

"(D) bear interest (exclusive of premium charges for insurance and service charge, if any) at the rate in effect under the proviso in subsection (d)(5) at the time of execution;

"(E) provide for complete amortization (subject to paragraph (5)(E)) by periodic payments within such term as the Secretary may prescribe; and

"(F) provide for the release of individual single-family dwellings from the lien of the mortgage upon the sale of the rehabilitated dwellings in accordance with paragraph (5).

"(3) No mortgage shall be insured under paragraph (1) unless the mortgagor shall have demonstrated to the satisfaction of the Secretary that (A) the property to be rehabilitated is located in a neighborhood which is sufficiently stable and contains sufficient public facilities and amenities to support long-term values, or (B) the rehabilitation to be carried out by the mortgagor plus its related activities and the activities of other owners of housing in the neighborhood, together with actions to be taken by public authorities, will be of such scope and quality as to give reasonable promise that a stable environment will be created in the neighborhood.

"(4) The aggregate principal balance of all mortgages insured under paragraph (1) and outstanding at any one time shall not exceed \$20,000,000.

"(5) (A) No mortgage shall be insured under paragraph (1) unless the mortgagor enters into an agreement (in form and substance satisfactory to the Secretary) that it will offer to sell the dwellings involved, upon completion of their rehabilitation, to individuals or families (hereinafter referred to as 'low-income purchasers') determined by the Secretary to have incomes below the maximum amount specified (with respect to the area involved) in section 101(c)(1) of the Housing and Urban Development Act of 1965.

"(B) The Secretary is authorized to insure under this paragraph mortgages executed to finance the sale of individual dwellings to low-income purchasers as provided in subparagraph (A). Any such mortgage shall—

"(i) be in a principal amount equal to that portion of the unpaid balance of the principal mortgage covering the property (insured under paragraph (1)) which is allocable to the individual dwelling involved; and

"(ii) bear interest at the same rate as the principal mortgage, and provide for complete amortization by periodic payments within a term equal to the remaining term (determined without regard to subparagraph (E)) of such principal mortgage.

"(C) The price for which any individual dwelling is sold to a low-income purchaser under this paragraph shall be the amount of the mortgage covering the sale as determined under subparagraph (B), except that the purchaser shall in addition thereto be required to pay on account of the property at the time of purchase such amount (which shall not be less than \$200, but which may be applied in whole or in part toward closing costs) as the Secretary may determine to be reasonable and appropriate in the circumstances.

"(D) Upon the sale under this paragraph of any individual dwelling, such dwelling shall be released from the lien of the principal mortgage, and such mortgage shall thereupon be replaced by an individual mortgage insured under this paragraph to the extent of the portion of its unpaid balance which is allocable to the dwelling covered by such individual mortgage. Until all of the individual dwellings in the property covered by the principal mortgage have been sold, the mortgagor shall hold and operate the dwellings remaining unsold at any given time as

though they constituted rental units in a project covered by a mortgage which is insured under subsection (d)(3) (and which receives the benefits of the interest rate provided for in the proviso in subsection (d)(5)).

"(E) Upon the sale under this paragraph of all of the individual dwellings in the property covered by the principal mortgage, and the release of all individual dwellings from the lien of the principal mortgage, the insurance of the principal mortgage shall be terminated and no adjusted premium charge shall be charged by the Secretary upon such termination.

"(F) Any mortgage insured under this paragraph shall contain a provision that if the low-income mortgagor does not continue to occupy the property the interest rate shall increase to the highest rate permissible under this section and the regulations of the Secretary effective at the time of commitment for insurance of the principal mortgage; except that the increase in interest rate shall not be applicable if the property is sold and the purchaser is (i) the nonprofit organization which executed the principal mortgage, (ii) a public housing agency having jurisdiction under the United States Housing Act of 1937 over the area where the dwelling is located, or (iii) a low-income purchaser approved for the purposes of this paragraph by the Secretary."

(b)(1) Section 221(g)(1) of such Act is amended by inserting after "paragraph (2) of subsection (d) of this section" the following: "or paragraph (5) of subsection (h) of this section".

(2) Section 221(g)(2) of such Act is amended by inserting after "paragraph (3) or (4) of subsection (d) of this section" the following: "or paragraph (1) of subsection (h) of this section".

(c) Section 221(f) of such Act is amended by inserting after "Housing Act of 1961," in the fourth sentence "or which meet the requirements of subsection (h)".

(d) Section 305(h) of such Act is amended by striking out "section 221(d)(3)" and inserting in lieu thereof "sections 221(d)(3) and 221(h)".

Application of Davis-Bacon Act to cooperative housing projects insured under section 221(d)(3) and (d)(4) and mortgages insured under section 221(h)(1)

SEC. 313. The third sentence of section 212(a) of the National Housing Act is amended by striking out "subsection (d)(3) or (d)(4)." and inserting in lieu thereof "subsection (d)(3) or (d)(4) and (deeming the term 'construction' as used in the first sentence of this subsection to mean rehabilitation) of any mortgage described in subsection (h)(1) which covers property on which there is located a dwelling or dwellings designed principally for residential use for more than eight families; except that compliance with such provisions may be waived by the Secretary—

"(1) with respect to mortgages described in such subsection (d)(3) or (d)(4), in cases or classes of cases where laborers or mechanics (not otherwise employed at any time in the construction of the project) voluntarily donate their services without compensation for the purpose of lowering their housing costs in a cooperative housing project and the Secretary determines that any amounts saved thereby are fully credited to the cooperative undertaking the construction, and

"(2) with respect to mortgages described in such subsection (h)(1), in cases or classes of cases where prospective owners of such dwellings voluntarily donate their services without compensation, or other persons (not otherwise employed at any time in the rehabilitation of the property) voluntarily donate their services without compensation, and the Secretary determines that any amounts saved thereby are fully credited to

the nonprofit organization undertaking the rehabilitation."

Waiver of deduction on assignment of property to Secretary in lieu of foreclosure

SEC. 314. Title V of the National Housing Act is amended by adding at the end thereof the following new section:

"Waiver of deduction on assignment of property to Secretary in lieu of foreclosure

"SEC. 523. Notwithstanding any other provision of this Act, from and after the date of the enactment of the Housing and Urban Development Act of 1966, the Secretary, under such terms and conditions as he may approve, may waive all or a part of the 1 per centum deduction otherwise made from insurance benefits with respect to multifamily housing or land development mortgages assigned to him, where the assignment is made at his request in lieu of foreclosure of the mortgage."

Armed services housing mortgage insurance program

SEC. 315. (a) Section 803(a) of the National Housing Act is amended—

(1) by striking out "\$2,300,000,000" and inserting in lieu thereof "\$3,350,000,000";

(2) by striking out "October 1, 1962" and inserting in lieu thereof "October 1, 1969"; and

(3) by striking out "twenty-eight thousand" and inserting in lieu thereof "eighty-eight thousand".

(b) Section 803(b) of such Act is amended—

(1) by striking out "\$16,500" each place it appears in paragraph (3)(B) and inserting in lieu thereof "\$17,500"; and

(2) by striking out "4½ per centum" in the sentence following paragraph (3)(C) and inserting in lieu thereof "5½ per centum".

Increase in units insurable under section 810 program

SEC. 316. (a) Section 810(i) of the National Housing Act is amended by striking out "five thousand dwelling units" and inserting in lieu thereof "ten thousand dwelling units".

(b)(1) The first sentence of section 810(e) of such Act is amended by inserting before the period at the end thereof "or other mortgagor approved by the Commissioner".

(2) The third sentence of section 810(e) of such Act is amended by inserting after "or trust" the following "or other mortgagor".

TITLE IV—LAND DEVELOPMENT AND NEW COMMUNITIES

Mortgage insurance for new communities

SEC. 401. Title X of the National Housing Act is amended by inserting after section 1003 the following new section 1004 and redesignating the remaining sections accordingly:

"New communities

"SEC. 1004. (a) New communities consisting of developments, satisfying all other requirements under this title, may be approved under this section by the Secretary for mortgage insurance if they meet the requirements of subsection (b) of this section.

"(b) A development shall be eligible for approval as a new community if the Secretary determines it will, in view of its size and scope, make a substantial contribution to the sound and economic growth of the area within which it is located in the form of—

"(1) substantial economies, made possible through large-scale development, in the provision of improved residential sites;

"(2) adequate housing to be provided for those who would be employed in the community or the surrounding area;

"(3) maximum accessibility from the new residential sites to industrial or other employment centers and commercial, recreational, and cultural facilities in or near the community; and

"(4) maximum accessibility to any major central city in the area".

Mortgage amount and term

SEC. 402 (a) Section 1002(c) of the National Housing Act is amended by striking out "\$10,000,000" and inserting in lieu thereof "\$25,000,000".

(b) Section 1002(d)(1) of such Act is amended to read as follows:

"(1) contain repayment provisions satisfactory to the Secretary and have a maturity not to exceed seven years, or such longer maturity as the Secretary deems reasonable (A) in the case of a privately owned system for water or sewerage, and (B) in the case of a new community approved under section 1004;"

Encouragement of small builders

SEC. 403. The section of the National Housing Act redesignated as section 1005 by section 401 of this Act is amended by inserting "particularly small builders," after "broad participation by builders,"

Water and sewerage facilities

SEC. 404. The section of the National Housing Act redesignated as section 1006 by section 401 of this Act is amended to read as follows:

"Water and sewerage facilities

"SEC. 1006. After development of the land it shall be served by public systems for water and sewerage which are consistent with other existing or prospective systems within the area, except that—

"(a) in the case of systems for water, the land may be served by privately or cooperatively owned systems which are consistent with other existing or prospective systems within the area; are approved as adequate by the Secretary; and are regulated or supervised by the State or political subdivision or an agency thereof, or (in the absence of such State or local regulation or supervision) are otherwise regulated in a manner acceptable to the Secretary, with respect to user rates and charges, capital structure, methods of operation, rate of return, and conditions and terms of any sale or transfer; and

"(b) in the case of systems of sewerage, the land may be served by—

"(1) existing privately or cooperatively owned systems (including reasonable extensions thereto) which are approved as adequate by the Secretary, and which are regulated or supervised by the State or political subdivision or an agency thereof, or (in the absence of such State or local regulation or supervision) are otherwise regulated in a manner acceptable to the Secretary; or

"(2) if it is necessary to develop a new system and the Secretary determines that public ownership of such a system is not feasible, an adequate privately or cooperatively owned new system (A) which he finds consistent with other existing or prospective systems within the area, (B) which during the period of such ownership will be regulated or supervised by the State or political subdivision or an agency thereof, or (in the absence of such State or local regulation or supervision) will be otherwise regulated in a manner acceptable to the Secretary, with respect to user rates and charges, capital structure, methods of operation, and rate of return, and (C) regarding which he receives assurances, satisfactory to him, with respect to eventual public ownership and operation of the system and with respect to the conditions and terms of any sale or transfer."

Federal National Mortgage Association special assistance for new communities

SEC. 405. Section 302(b) of the National Housing Act is amended by inserting after "or title VIII," in the proviso the following: "or under title X with respect to a new community approved under section 1004 thereof,"

Urban planning grants

SEC. 406. Section 701(a)(4) of the Housing Act of 1954 is amended by inserting before

the semicolon at the end thereof the following: ", or for areas where rapid urbanization is expected to result on land developed or to be developed as a new community approved under section 1004 of the National Housing Act".

Public facility loans

SEC. 407. Section 202(b)(4) of the Housing Amendments of 1955 is amended by adding before the period at the end of the second sentence the following: ", or (iii) to be provided in connection with the establishment of a new community approved under section 1004 of the National Housing Act".

TITLE V—MORTGAGE INSURANCE FOR GROUP PRACTICE FACILITIES

Purpose

SEC. 501. It is the purpose of this title to assure the availability of credit on reasonable terms to units or organizations engaged in the group practice of medicine, optometry, or dentistry, particularly those in smaller communities, to assist in financing the construction and equipment of group practice facilities.

Establishment of program

SEC. 502. (a) The National Housing Act is amended by adding at the end thereof the following new title:

"TITLE XI—MORTGAGE INSURANCE FOR GROUP PRACTICE FACILITIES

"Insurance of mortgages

"SEC. 1101. (a) The Secretary is authorized (1) to insure mortgages (including advances on such mortgages during construction), upon such terms and conditions as he may prescribe, in accordance with the provisions of this title, and (2) to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon. No mortgage shall be insured under this title after October 1, 1969, except pursuant to a commitment to insure issued before that date.

"(b) To be eligible for insurance under this title, the mortgage shall (1) be executed by a mortgagor that is a group practice unit or organization, approved by the Secretary, (2) be made to and held by a mortgagee approved by the Secretary as responsible and able to service the mortgage properly, and (3) cover a property or project which is approved for mortgage insurance prior to the beginning of construction or rehabilitation and is designed for use as a group practice facility which the Secretary finds will be constructed in an economical manner, will not be of elaborate or extravagant design or materials, and will be adequate and suitable for carrying out the purposes of this title. No mortgage shall be insured under this title unless it is shown to the satisfaction of the Secretary that the applicant would be unable to obtain the mortgage loan without such insurance on terms comparable to those specified in subsection (c).

"(c) The mortgage shall—

"(1) not exceed \$5,000,000;

"(2) not exceed 90 per centum of the amount which the Secretary estimates will be the value of the property or project when construction or rehabilitation is completed. The value of the property may include the land and the proposed physical improvements, equipment, utilities within the boundaries of the property, architects' fees, taxes, and interest accruing during construction or rehabilitation, and other miscellaneous charges incident to construction or rehabilitation and approved by the Secretary;

"(3) have a maturity satisfactory to the Secretary but not to exceed twenty-five years, and provide for complete amortization of the principal obligation by periodic payments within such term as the Secretary shall prescribe; and

"(4) bear interest (exclusive of premium charges for insurance, and service charges if any) at a rate of not to exceed 5 per centum

per annum of the amount of the principal obligation outstanding at any time, or not to exceed such rate (not in excess of 6 per centum per annum) as the Secretary finds necessary to meet the mortgage market.

"(d)) Any contract of insurance executed by the Secretary under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract for insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

"(e) Each mortgage insured under this title shall contain an undertaking (in accordance with regulations prescribed under this title and in force at the time the mortgage is approved for insurance) to the effect that, except as authorized by the Secretary and the mortgagee, the property will be used as a group practice facility until the mortgage has been paid in full or the contract of insurance otherwise terminated.

"(f) No mortgage shall be insured under this title unless the mortgagor and the mortgagee certify (1) that they will keep such records relating to the mortgage transaction and indebtedness, to the construction of the facility covered by the mortgage, and to the use of such facility as a group practice facility as are prescribed by the Secretary at the time of such certification, (2) that they will make such reports as may from time to time be required by the Secretary pertaining to such matters, and (3) that the Secretary shall have access to and the right to examine and audit such records.

"Premiums

"Sec. 1102. The Secretary shall fix premium charges for the insurance of mortgages under this title, but such charges shall not be more than 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. In addition to the premium charge, the Secretary is authorized to charge and collect such amounts as he may deem reasonable for the analysis of a proposed project and the appraisal and inspection of the property and improvements. Where the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the Secretary is authorized to require the payment by the mortgagee of an adjusted premium charge. This charge shall be in such amount as the Secretary determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured until the maturity date. Where such prepayment occurs, the Secretary is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid. Premium charges fixed under this section shall be payable by the mortgagee either in cash, or in debentures which are the obligation of the General Insurance Fund at par plus accrued interest, at such times and in such manner as may be prescribed by the Secretary.

"Payment of insurance benefits

"Sec. 1103. The mortgagee shall be entitled to receive the benefits of the insurance under this title in the manner provided in subsection (g) of section 207 with respect to mortgages insured under that section. For such purpose the provisions of subsections (g), (h), (i), (j), (k), (l), and (n) of section 207 shall apply to mortgages insured under this title and all references in such subsections to section 207 shall be deemed to refer to this title.

"Regulations

"Sec. 1104. The Secretary shall prescribe such regulations as may be necessary to carry out this title, after consulting with the Secretary of Health, Education, and Welfare with respect to any health or medical aspects of the program under this title which may be involved in such regulations.

"Administration

"Sec. 1105. (a) At the request of individuals or organizations operating or contemplating the operation of group practice facilities (as defined in section 1106(1)), the Secretary may provide or obtain technical assistance in the planning for any construction of such facilities.

"(b) With a view to avoiding unnecessary duplication of existing staffs and facilities of the Federal Government, the Secretary is authorized to utilize available services and facilities of any agency of the Federal Government in carrying out the provisions of this title, and to pay for such services and facilities, either in advance or by way of reimbursement, in accordance with an agreement between the Secretary and the head of such agency.

"Definitions

"Sec. 1106. For the purposes of this title—

"(1) The term 'group practice facility' means a facility in a State for the provision of preventive, diagnostic, and treatment services to ambulatory patients (in which patient care is under the professional supervision of persons licensed to practice medicine or surgery in the State or, in the case of optometric care or treatment, is under the professional supervision of persons licensed to practice optometry in the States, or, in the case of dental diagnosis or treatment, is under the professional supervision of persons licensed to practice dentistry in the State) and which is primarily for the provision of such health services by a medical or dental group.

"(2) The term 'medical or dental group' means a partnership or other association or group of persons licensed to practice medicine or surgery in the State, or of persons licensed to practice optometry in the State, or of persons licensed to practice dentistry in the State, or of any combination of such persons, who, as their principal professional activity and as a group responsibility, engage or undertake to engage in the coordinated practice of their profession primarily in one or more group practice facilities, and who (in this connection) share common overhead expenses (if and to the extent such expenses are paid by members of the group), medical and other records, and substantial portions of the equipment and the professional, technical, and administrative staffs, and which partnership or association or group is composed of at least such professional personnel and makes available at least such health services as may be provided in regulations prescribed under this title.

"(3) The term 'group practice unit or organization' means—

"(A) a private nonprofit agency or organization undertaking to provide, directly or through arrangements with a medical or dental group, comprehensive medical care, optometric care, or dental care, or any combination thereof, which may include hospitalization, to members or subscribers primarily on a group practice prepayments basis;

"(B) a private nonprofit agency or organization established for the purpose of improving the availability of medical, optometric, or dental care in the community or having some function or functions related to the provision of such care, which will, through lease or other arrangement, make the group practice facility with respect to which assistance has been requested under this title available to a medical or dental group for use by it; or

"(C) a medical or dental group.

"(4) The term 'nonprofit organization' means a corporation, association, foundation, trust, or other organization no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual except, in the case of an organization the purposes of which include the provision of personal health services to its members or subscribers or their dependents under a plan of such organization for the provision of such services to them (which plan may include the provision of other services or insurance benefits to them), through the provision of such health services (or such other services or insurance benefits) to such members or subscribers or dependents under such plan.

"(5) The term 'State' includes the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the District of Columbia.

"(6) The term 'mortgage' means a first mortgage on real estate in fee simple, or on the interest of either the lessor or lessee thereof (A) under a lease for not less than ninety-nine years which is renewable, or (B) under a lease having a period of not less than fifty years to run from the date the mortgage was executed. The term 'first mortgage' means such classes of first liens as are commonly given to secure advances (including but not limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and any mortgage may be in the form of one or more trust mortgages or mortgage indentures or deeds of trust, securing notes, bonds, or other credit instruments, and, by the same instrument or by a separate instrument, may create a security interest in initial equipment, whether or not attached to the realty.

"(7) The term 'mortgagee' means the original lender under a mortgage, and his or its successors and assigns, and includes the holders of credit instruments issued under a trust mortgage or deed of trust pursuant to which such holders act by and through a trustee named therein.

"(8) The term 'mortgagor' means the original borrower under a mortgage and his or its successors and assigns."

(b) The first sentence of section 227 of such Act is amended by inserting after "new or rehabilitated multifamily housing" the following: "or a property or project described in title XI".

Labor standards

SEC. 503. Section 212(a) of the National Housing Act is amended by adding at the end thereof the following new sentence: "The provisions of this section shall also apply to the insurance of any mortgage under title XI; and each laborer or mechanic employed on any facility covered by a mortgage insured under such title shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be."

Amendments to other Federal laws

SEC. 504. (a)(1) The sixth sentence of paragraph "Seventh" of section 5136 of the Revised Statutes, as amended (12 U.S.C. 24), is amended by inserting after "Federal Home Loan Banks," the following: "or obligations which are insured by the Secretary of Housing and Urban Development under title XI of the National Housing Act."

(2) The third sentence of the first paragraph of section 24 of the Federal Reserve Act, as amended (12 U.S.C. 371), is amended by inserting after "or sections 1471-1484 of title 42," the following: "or which are insured by the Secretary of Housing and Urban

Development pursuant to title XI of the National Housing Act."

(b) Subsection (a) of section 304 of the Trust Indenture Act of 1939 (15 U.S.C. 77ddd) is amended by striking out the word "or" at the end of paragraph (8); by striking out the period at the end of paragraph (9) and inserting in lieu thereof a semicolon and the word "or"; and by adding after paragraph (9) a new paragraph as follows:

"(10) any security issued under a mortgage or trust deed indenture as to which a contract of insurance under title XI of the National Housing Act is in effect; and any such security shall be deemed to be exempt from the provisions of the Securities Act of 1933 to the same extent as though such security were specifically enumerated in section 3(a)(2), as amended, of the Securities Act of 1933 (15 U.S.C. 77c(a)(2))."

(c) Section 263 of chapter X of the Bankruptcy Act (11 U.S.C. 663) is amended by adding at the end thereof the following: "Nothing contained in this chapter shall be deemed to affect or apply to the creditors of any corporation under a mortgage insured pursuant to title XI of the National Housing Act."

TITLE VI—PRESERVATION OF HISTORIC STRUCTURES

Preservation of historic structures as part of urban renewal projects

SEC. 601. (a) Section 110(b) of the Housing Act of 1949 is amended by inserting "historic and architectural preservation," after "land acquisition,".

(b) Section 110(c)(6) of such Act is amended by inserting "to promote historic and architectural preservation," after "deterioration,".

(c) Section 110(c) of such Act is further amended by striking out "and" at the end of clause (8), and by striking out clause (9) and inserting in lieu thereof the following:

"(9) relocation within or outside the project area of structures which will be restored and maintained for architectural or historic purposes; and

"(10) restoration of acquired properties of historic or architectural value."

Local grant-in-aid credit for relocation and restoration of historic structures

SEC. 602. Clause (2) of section 110(d) of the Housing Act of 1949 is amended by striking out "clause (2) and clause (3)" and inserting in lieu thereof "clauses (2), (3), (9), and (10)".

Grants to National Trust for Historic Preservation to cover restoration costs

SEC. 603. (a) The Secretary of Housing and Urban Development is authorized to make grants to the National Trust for Historic Preservation, on such terms and conditions and in such amounts (not exceeding \$90,000 with respect to any one structure) as he deems appropriate, to cover the costs incurred by such Trust in renovating or restoring structures which it considers to be of historic or architectural value and which it has accepted and will maintain (after such renovation or restoration) for historic purposes.

(b) There are authorized to be appropriated such sums as may be necessary for the grants to be made under subsection (a).

Urban planning grants for surveys of historic structures

SEC. 604. Section 701 of the Housing Act of 1954 is amended by adding at the end thereof the following new subsection:

"(h) In addition to the other grants authorized by this section, the Secretary is authorized to make grants to assist any city, other municipality, or county in making a survey of the structures and sites in such locality which are determined by its appropriate authorities to be of historic or architectural value. Any such survey shall be designed to identify the historic structures

and sites in the locality, determine the cost of their rehabilitation or restoration, and provide such other information as may be necessary or appropriate to serve as a foundation for a balanced and effective program of historic preservation in such locality. The aspects of any such survey which relate to the identification of historic and architectural values shall be conducted in accordance with criteria found by the Secretary to be comparable to those used in establishing the National Register maintained by the Secretary of the Interior under other provisions of law; and the results of each such survey shall be made available to the Secretary of the Interior. A grant under this subsection shall not exceed two-thirds of the cost of the survey for which it is made, and shall be made to the appropriate agency or entity specified in paragraphs (1) through (9) of subsection (a) or, if there is no such agency or entity which is qualified and willing to receive the grant and provide for its utilization in accordance with this subsection, directly to the city, other municipality, or county involved."

Loans for acquisition and rehabilitation of historic structures

SEC. 605. (a) Section 312(a) of the Housing Act of 1964 is amended by inserting "(1)" after "(a)", by striking out the second sentence, and by adding at the end thereof the following new paragraphs:

"(2) To assist in the preservation of historic structures both within and outside of urban renewal areas, the Secretary is also authorized under this section to make loans to the owners or tenants of structures which are determined in accordance with regulations prescribed by him to be of historic or architectural value to finance the rehabilitation or restoration of such structures, and to make loans to other persons to finance the acquisition and rehabilitation or restoration by them of structures which are determined in accordance with such regulations to be of historic or architectural value.

"(3) No loan shall be made under this section unless the Secretary finds (A) that the applicant is unable to secure the necessary funds from other sources upon comparable terms and conditions, and (B) the loan is an acceptable risk, taking into consideration the security available for the loan, the ability of the applicant to repay the loan, and the need for the rehabilitation or restoration involved.

"(4) Nothing in this section shall prevent a person from receiving a loan under this section with respect to property in connection with which he receives a grant under section 115 of the Housing Act of 1949, if and to the extent that such person is otherwise eligible to receive such loan under this section."

(b) (1) The heading of section 312 of such Act is amended to read as follows:

"Loans for rehabilitation or historic preservation"

(2) Section 312(b)(1) of such Act is amended by striking out "or the urban renewal plan" and inserting in lieu thereof "or the urban renewal plan if any,".

(3) Section 312(b)(3) of such Act is amended by striking out "rehabilitation loan" and inserting in lieu thereof "loan".

(4) So much of section 312(c) of such Act as precedes paragraph (1) thereof as amended by striking out "rehabilitation loan" and inserting in lieu thereof "loan".

(5) Section 312(c)(4) of such Act is amended by striking out "the cost of rehabilitation" in subparagraphs (A) and (B) and inserting in lieu thereof in each instance "the cost of the rehabilitation, restoration, or acquisition and restoration".

Grants for historic preservation

SEC. 606. (a) The heading of title VII of the Housing Act of 1961 is amended to read as follows:

"TITLE VII—OPEN-SPACE LAND, URBAN BEAUTIFICATION, AND HISTORIC PRESERVATION"

(b) Section 701 of such Act is amended by redesignating subsection (c) as subsection (d), and by inserting after subsection (b) a new subsection as follows:

"(c) The Congress further finds that there is a need for timely action to preserve and restore areas, sites, and structures of historic or architectural value in order that these remaining evidences of our past history and heritage shall not be lost or destroyed through the expansion and development of the Nation's urban areas."

(c) Section 701(d) of such Act (as redesignated by subsection (b) of this section) is amended—

(1) by inserting after "urban development," the following: "to assist in preserving areas and properties of historic or architectural value,"; and

(2) by striking out "and (2)" and inserting in lieu thereof "(2) acquire, improve, and restore areas, sites, and structures of historic or architectural value, and (3)".

(d) Section 702(e) of such Act is amended to read as follows:

"(e) The Secretary shall consult with the Secretary of the Interior on the general policies to be followed in reviewing applications for grants under this title. To assist the Secretary in such review, the Secretary of the Interior shall furnish him (1) appropriate information on the status of national and statewide recreation and historic preservation planning as it affects the areas to be assisted with such grants, and (2) the current listing of any districts, sites, buildings, structures, and objects significant in American history, architecture, archeology, and culture which may be contained on a National Register maintained by the Secretary of the Interior pursuant to other provisions of law. The Secretary shall provide current information to the Secretary of the Interior from time to time on significant program developments."

(e) Section 706 of such Act is amended by striking out the proviso.

(f) Section 708 of such Act is amended by inserting "(a)" after "SEC. 708.", by inserting "(b)" before "The" in the second paragraph, and by adding at the end thereof a new subsection as follows:

"(c) Notwithstanding any other provision of this title, the Secretary may use not to exceed \$10,000,000 of the sum authorized for contracts under this title for the purpose of entering into contracts to make grants in amounts not to exceed 90 per centum of the cost of activities which he determines have special value in developing and demonstrating new and improved methods and materials for use in carrying out the purposes of this title."

(g) Title VII of such Act is amended by redesignating section 709 as section 710, and by adding after section 708 a new section as follows:

"Grants for historic preservation"

"SEC. 709. The Secretary is authorized to enter into contracts to make grants to States and local public bodies to assist in the acquisition of title to or other permanent interests in areas, sites, and structures of historic or architectural value in urban areas, and in their restoration and improvement for public use and benefit, in accordance with the comprehensively planned development of the locality. The amount of any such grant shall not exceed 50 per centum of the total cost, as approved by the Secretary, of the assisted activities. The remainder of such cost shall be provided from non-Federal sources."

(h) Commencing three years after the date of the enactment of this Act, no grant shall be made (except pursuant to a contract or commitment entered into less than three years after such date) under section 709 of

the Housing Act of 1961 or section 701(h) of the Housing Act of 1954, or under section 103 of the Housing Act of 1949 to the extent that it is to be used for historic or architectural preservation, except with respect to districts, sites, buildings, structures, and objects which the Secretary of Housing and Urban Development finds meet criteria comparable to those used in establishing the National Register maintained by the Secretary of the Interior pursuant to other provisions of law.

TITLE VII—URBAN RENEWAL

Local grants-in-aid

SEC. 701. Section 110(d) of the Housing Act of 1949 is amended by inserting immediately after the colon at the end of the first proviso the following: "Provided further, That any publicly owned facility, the construction of which was begun not earlier than three years prior to the date of enactment of the Demonstration Cities and Metropolitan Development Act of 1966, shall be deemed to benefit an urban renewal project or projects to the extent of 25 per centum of the total benefits of such facility, if such facility (A) is used, or is to be used, by the public predominantly for cultural, exhibition, civic, or municipal purposes; (B) is located within, adjacent to, or in the immediate vicinity of such urban renewal project or projects; (C) is found to contribute materially to the objectives of the urban renewal plan or plans for such project or projects; and (D) is not otherwise eligible as a local grant-in-aid."

Air rights sites in urban renewal projects

SEC. 702. (a) Section 110(c)(1) of the Housing Act of 1949 is amended by inserting in clause (iv), between the word "income" and the colon immediately preceding the first proviso, the following: "or, if the area is found by the local public agency to be unsuitable for use for low or moderate income housing, for use for industrial development".

(b) Section 110(c)(7) of such Act is amended by inserting immediately before the semicolon the following: "or construction of foundations and platforms necessary for the provision of air rights sites for industrial development".

Application of Davis-Bacon Act to multifamily housing construction in urban renewal areas

SEC. 703. Section 105 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

"(f) All laborers and mechanics employed by contractors or subcontractors in the construction of any multifamily housing (as defined for purposes of this subsection by the Secretary of Housing and Urban Development or his designee) which may be involved in the redevelopment of the urban renewal area, and which is not subject to the provisions of section 212 of the National Housing Act or to other provisions of Federal law imposing similar standards, will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). No contract for loan or capital grant shall be entered into under this title with respect to an urban renewal area whose redevelopment will involve the construction of such housing without first obtaining adequate assurance that the labor standards imposed by the preceding sentence (or, in the case of housing which is subject to the provisions of section 212 of the National Housing Act or to other provisions of Federal law imposing similar standards, the labor standards imposed by such provisions) will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this subsection, the authority and functions set forth in Reorganization

Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 1332-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c)."

Additional requirements for redevelopment of urban renewal area

SEC. 704. (a) Section 105 of the Housing Act of 1949 is amended by adding at the end thereof (after the new subsection added by section 703 of this Act) the following new subsection:

"(g) The redevelopment of the urban renewal area unless such redevelopment is for predominantly nonresidential uses, will provide a substantial number of units of standard housing of low and moderate cost and result in marked progress in serving the poor and disadvantaged people living in slum and blighted areas."

(b) The amendment made by subsection (a) shall apply only in the case of contracts for loans or capital grants which are made with respect to urban renewal projects undertaken pursuant to urban renewal plans approved after the date of the enactment of this Act.

Three-fourths grants for projects in certain redevelopment areas

SEC. 705. Section 103(a)(2)(B) of the Housing Act of 1949 is amended by inserting after "to avoid hardship," the following: "or at any time after such contract or contracts are entered into and prior to the time the final grant payment has been made pursuant thereto,".

Expenditures by educational institutions and hospitals

SEC. 706. Section 112(a) of the Housing Act of 1949 is amended by inserting before the period at the end thereof the following: "Provided further, That no such expenditure shall be deemed ineligible as a local grant-in-aid connection with an urban renewal project, to the extent that the expenditure is otherwise eligible, if the facilities, land, buildings, or structures with respect to which the expenditure is made are located within one mile of the project (or within such greater distance from the project as the Secretary may specify in the case of an expenditure and project which the Secretary determines meet the objectives of this section but cannot be encompassed within the one-mile limitations)".

Requirement of separate sewer systems in redevelopment of urban renewal area

SEC. 707. Section 105 of the Housing Act of 1949 is amended by adding at the end thereof (after the new subsection added by section 703 of this Act) the following new subsection:

"(g) The urban renewal area will be served to the maximum extent feasible after its redevelopment by a storm sewer system or systems separate from and independent of the area's sanitary sewer system or systems."

TITLE VIII—RURAL HOUSING

SEC. 801. Section 501(a) of the Housing Act of 1949 is amended by striking out "previously occupied" wherever it appears.

SEC. 802. Section 502(a) of the Housing Act of 1949 is amended by striking out "In cases of applicants who are elderly persons, the" and inserting in lieu thereof "The".

SEC. 803. Section 504 of the Housing Act of 1949 is amended by striking out "\$1,000" and inserting in lieu thereof "\$1,500".

SEC. 804. (a) Section 515(a) of the Housing Act of 1949 is amended by inserting after "income" the following: "or other persons and families of low income".

(b) Section 515(d)(1) of such Act is amended by striking out "elderly persons or elderly families" and inserting in lieu thereof "occupants eligible under this section".

SEC. 805. (a) Subsections (a) and (b) of section 515 of the Housing Act of 1949 are each amended by striking out "rental hous-

ing" and inserting in lieu thereof "rental or cooperative housing".

(b) Section 515(b) of such Act is amended by inserting after "families" the following: "or other persons and families of moderate income".

(c) Section 515(d)(4) of such Act is amended by adding at the end thereof the following: "Such fees and charges may include payments to qualified consulting organizations or foundations which operate on a nonprofit basis and which render services or assistance to nonprofit corporations or consumer cooperatives who provide housing and related facilities."

SEC. 806. Section 517(a)(1) of the Housing Act of 1949 is amended—

(1) by inserting "and" before "(B)"; and

(2) by striking out "and (C)" and all that follows and inserting in lieu thereof the following: "; but no loan under this paragraph shall be insured or made after October 1, 1969, except pursuant to a commitment entered into before that date; and".

SEC. 807. (a) Section 501(a) of the Housing Act of 1949 is amended by inserting before the period at the end thereof the following: "and (4) to an owner described in clause (1), (2), or (3) for refinancing indebtedness which—

"(A) was incurred for an eligible purpose described in such clause,

"(B) if not refinanced, is likely to result at an early date in loss of the applicant's necessary dwelling or essential farm service buildings,

"(C) is not held or insured by the United States or any agency thereof, and

"(D) was incurred prior to the enactment of this clause."

(b) Section 501(c) of such Act is amended by inserting before the semicolon at the end of clause (1) the following: "or that he is the owner of a farm or other real estate in a rural area who needs refinancing of indebtedness described in clause (4) of subsection (a)".

TITLE IX—MISCELLANEOUS

Housing for the elderly or handicapped

SEC. 901. Section 105(b) of the Housing and Urban Development Act of 1965 is amended—

(1) by inserting "(1)" after "(b)";

(2) by striking out "Effective with respect to loans made on or after the date of the enactment of this Act, section" and inserting in lieu thereof "Section"; and

(3) by adding at the end thereof a new paragraph as follows:

"(2) The interest rate provided by the amendment made in paragraph (1) shall be applicable (A) with respect to any loan made on or after August 10, 1965, and (B) with respect to any loan made prior to such date if construction of the housing or related facilities to be assisted by such loan was not commenced prior to such date, and not completed prior to the filing of an application for the benefits of such interest rate."

Low-rent housing in private accommodations for displaced families—Term of lease

SEC. 902. Section 23(d) of the United States Housing Act of 1937 is amended by inserting after "thirty-six months" the following: "(except that it may be for a term of up to sixty months in any case in which the public housing agency determines that the housing to be leased thereunder is needed for displaced families)".

Application of Davis-Bacon Act to low-rent housing projects consisting of privately built housing

SEC. 903. Section 16(2) of the United States Housing Act of 1937 is amended by inserting after "the development of the project involved" the following: "(including a project for the use of privately built housing in any case, other than under the authority of section 23 of this Act, where the public

housing agency and the builder or sponsor enter into an agreement for such use before construction or rehabilitation is commenced), and that each such laborer or mechanic shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday of forty hours in the workweek, as the case may be".

Assistance for housing in Alaska

SEC. 904. (a) The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to make loans and grants to the State of Alaska, or any duly authorized agency or instrumentality thereof, in accordance with a statewide program prepared by such State, agency, or instrumentality, and approved by the Secretary, to assist in the provision of housing and related facilities for Alaska natives and other Alaska residents who are otherwise unable to finance such housing and related facilities upon terms and conditions which they can afford. The program shall (1) specify the minimum and maximum standards for such housing and related facilities (not to exceed an average of \$7,500 per dwelling unit); (2) to the extent feasible, encourage the proposed users of such housing and related facilities to utilize mutual and self-help in the construction thereof; and (3) provide experience, and encourage continued participation, in self-government and individual home ownership.

(b) Grants under this section shall not exceed 75 per centum of the aggregate cost of the housing and related facilities to be constructed under an approved program.

(c) There is authorized to be appropriated not to exceed \$10,000,000 to carry out the purposes of this section.

Federal National Mortgage Association participation in Federal Housing Administration-insured construction financing

SEC. 905. Section 305 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(1) In any case where the Association makes a commitment to purchase under this section (1) a mortgage insured under section 213, (2) a mortgage insured under section 220, or (3) a mortgage insured under section 221(d)(3) and executed by a cooperative (including an investor-sponsor), a limited dividend corporation, a private non-profit corporation or association, or a mortgagor qualified under section 221(e), such commitment may provide for participation by the Association in the making of insured advances on the mortgage during construction. Such participation shall be limited to 95 per centum of the amount of each of the advances involved, and the mortgagee providing the balance of such amount shall perform all necessary servicing and processing of such advances until the final insurance endorsement of the mortgage. The Secretary of Housing and Urban Development shall approve the reasonableness of the fee to be paid a participating mortgagee, taking into account its services and the extent of its participation in the advances."

Federal National Mortgage Association special assistance for financing low-cost homes

SEC. 906. The Congress hereby finds that the sharp decline in new home construction over the past year threatens to undercut our present high level of prosperity and employment as such declines have in the past; that the substantial reduction which has taken place has had its greatest impact on families of modest income who are seeking to achieve the goal of homeownership; that this decline in homebuilding is due primarily to the shortage of mortgage financing on terms which moderate income families can afford; and that our national policy objec-

tives in the field of housing and community development are thereby being thwarted. The Congress therefore expresses its intent that the special assistance funds made available to the Federal National Mortgage Association for the financing of new low-cost homes by the Act of September 10, 1966 (Public Law 89-556), should be released immediately to halt the continuing decline in the construction of new homes for families of moderate income.

Federal National Mortgage Association standby commitments

SEC. 907. Section 304(a) (1) of the National Housing Act is amended by striking out the last sentence.

Planning grants for research on State statutes affecting local governments

SEC. 908. Section 701(b) of the Housing Act of 1954 is amended by inserting before the period at the end thereof the following: ", and for grants to assist in the conduct of studies and research relating to needed revisions in State statutes which create, govern, or control local governments and local governmental operations".

Public facility loans

SEC. 909. Section 202 of the Housing Amendments of 1955 is amended by adding at the end thereof a new subsection as follows:

"(f) The restrictions and limitations set forth in subsection (c) of this section shall not apply to assistance to municipalities, other political subdivisions and instrumentalities of one or more States, and Indian tribes, for specific projects for cultural centers, including but not limited to, museums, art centers and galleries, and theaters and other physical facilities for the performing arts, which would be of cultural, educational, and informational value to the communities and areas where the centers would be located."

Use of open-space grants for development of existing open-space land

SEC. 910. (a) Section 701(b) of the Housing Act of 1961 is amended by inserting ", for the development and redevelopment of existing parks and other open space," after "the Nation's urban areas".

(b) (1) The first sentence of section 702(a) of such Act is amended by inserting before the period at the end thereof the following: ", or the development or redevelopment, for open-space uses, of existing open-space land".

(2) The second sentence of section 702(a) of such Act is amended by inserting before the period at the end thereof the following: "or such development or redevelopment".

Applying advances in technology to housing and urban development

SEC. 911. (a) To encourage and assist the housing industry to continue to reduce the cost and improve the quality of housing by the application to home construction of advances in technology, and to encourage and assist the application of advances in technology to urban development activities, the Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is directed to—

(1) conduct research and studies to test and demonstrate new and improved techniques and methods of applying advances in technology to housing construction, rehabilitation, and maintenance, and to urban development activities; and

(2) encourage and promote the acceptance and application of new and improved techniques and methods of constructing, rehabilitating, and maintaining housing, and the application of advances in technology to urban development activities, by all segments of the housing industry, communities, industries engaged in urban development activities, and the general public.

(b) Research and studies conducted under

this section shall be designed to test and demonstrate the applicability to housing construction, rehabilitation, and maintenance, and urban development activities, of advances in technology relating to (1) design concepts, (2) construction and rehabilitation methods, (3) manufacturing processes, (4) materials and products, and (5) building components.

(c) The Secretary is authorized to carry out the research and studies authorized by this section either directly or by contract with public or private bodies or agencies, or by working agreement with departments and agencies of the Federal Government, as he may determine to be desirable. Contracts may be made by the Secretary for research and studies authorized by this section for work to continue not more than two years from the date of any such contract.

(d) There are authorized to be appropriated to carry out the provisions of this section not to exceed \$5,000,000 for the fiscal year ending June 30, 1967, and not to exceed \$10,000,000 for the fiscal year ending June 30, 1968. All funds so appropriated shall remain available until expended.

(e) Nothing contained in this section shall limit any authority of the Secretary under title III of the Housing Act of 1948, section 602 of the Housing Act of 1956, or any other provision of law.

Urban environmental studies

SEC. 912. (a) The Congress finds that, with the ever-increasing concentration of the Nation's population in urban centers, there has occurred a marked change in the environmental conditions under which most people live and work; that such change is characterized by the progressive substitution of a highly complex, man-contrived environment for an environment conditioned primarily by nature; that the beneficial or malignant influence of environment on all living creatures is well recognized; and that much more knowledge is urgently needed concerning the effect on human beings of highly urbanized surroundings. It is the purpose of this section to authorize a comprehensive program of research, studies, surveys, and analyses to improve understanding of the environmental conditions necessary for the well-being of an urban society, and for the intelligent planning and development of viable urban centers.

(b) In order to carry out the purpose of this section, the Secretary is authorized and directed to—

(1) conduct studies, surveys, research, and analyses with respect to the ecological factors involved in urban living;

(2) document and define urban environmental factors which need to be controlled or eliminated for the well-being of urban life;

(3) establish a system of collecting and receiving information and data on urban ecological research and evaluations which are in process or are being planned by public or private agencies, or individuals;

(4) evaluate and disseminate information pertaining to urban ecology to public and private agencies or organizations, or individuals, in the form of reports or otherwise;

(5) initiate and utilize urban ecological information in urban development projects initiated or assisted by the Department of Housing and Urban Development; and

(6) establish through interagency consultation the coordinated utilization of urban ecological information in projects undertaken or assisted by the Federal Government which affect the growth or development of urban areas.

(c) (1) The Secretary is authorized to establish such advisory committees as he deems desirable for the purpose of rendering advice and submitting recommendations for carrying out the purpose of this section. Such advisory committees shall render such advice to the Secretary upon his request and

may submit such recommendations to the Secretary at any time on their own initiative. The Secretary may designate employees of the Department of Housing and Urban Development to assist such committees.

(2) Members of such advisory committees shall receive not to exceed \$100 per day when engaged in the actual performance of their duties, in addition to reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties.

(d) The Secretary is authorized to carry out the studies, surveys, research, and analyses authorized by this section either directly or by contract with public or private bodies or agencies, or by working agreement with departments and agencies of the Federal Government, as he may determine to be desirable. Contracts may be made by the Secretary for work under this subsection to continue not more than two years from the date of any such contract.

(e) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section. All funds so appropriated shall remain available until expended when so provided in appropriation Acts.

Mortgage relief for certain homeowners

SEC. 913. That part of section 107 of the Housing and Urban Development Act of 1965 which precedes subsection (f) is amended to read as follows:

"Mortgage relief for certain homeowners

"SEC. 107. (a) For the purposes of this section—

"(1) The term 'mortgage' means a mortgage which (A) is insured under the National Housing Act, or (B) secures a home loan guaranteed or insured under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code.

"(2) The term 'Federal mortgage agency' means—

"(A) the Secretary of Housing and Urban Development when used in connection with mortgages insured under the National Housing Act, and

"(B) the Administrator of Veterans' Affairs when used in connection with mortgages securing home loans guaranteed or insured under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code.

"(3) The term 'distressed mortgagor' means an individual who—

"(A) was employed by the Federal Government at, or was assigned as a serviceman to, a military base or other Federal installation and whose employment or service at such base or installation was terminated subsequent to November 1, 1964, as the result of the closing (in whole or in part) of such base or installation; and

"(B) is the owner-occupant of a dwelling situated at or near such base or installation and upon which there is a mortgage securing a loan which is in default because of the inability of such individual to make payments due under such mortgage.

"(b) (1) Any distressed mortgagor, for the purpose of avoiding foreclosure of his mortgage, may apply to the appropriate Federal mortgage agency for a determination that suspension of his obligation to make payments due under such mortgage during a temporary period is necessary in order to avoid such foreclosure.

"(2) Upon receipt of an application made under this subsection by a distressed mortgagor, the Federal mortgage agency shall issue to such mortgagor a certificate of moratorium if it determines, after consultation with the interested mortgagee, that such action is necessary to avoid foreclosure.

"(3) Prior to the issuance to any distressed mortgagor of a certificate of moratorium

under paragraph (2), the Federal mortgage agency, the mortgagor, and the mortgagee shall enter into a binding agreement under which—

"(A) the mortgagor will be required to make payments to such agency, after the expiration of such certificate, in an aggregate amount equal to the amount paid by such agency on behalf of such mortgagor as provided in subsection (c), together with interest thereon at a rate not to exceed the rate provided in the mortgage; the manner and time in which such payments shall be made to be determined by the Federal mortgage agency having due regard for the purposes sought to be achieved by this section; and

"(B) the Federal mortgage agency will be subrogated to the rights of the mortgagee to the extent of payments made pursuant to such certificate, which rights, however, shall be subject to the prior right of the mortgagee to receive the full amount payable under the mortgage.

"(4) Any certificate of moratorium issued under this subsection shall expire on whichever of the following dates is the earliest—

"(A) two years from the date on which such certificate was issued;

"(B) thirty days after the date on which the mortgagor gives notice in writing to the Federal mortgage agency that he is able to resume his obligation to make payments due under his mortgage; or

"(C) thirty days after the date on which the Federal mortgage agency determines that the mortgagor to whom such certificate was issued has ceased to be a distressed mortgagor as defined in subsection (a) (3).

"(c) (1) Whenever a Federal mortgage agency issues a certificate of moratorium to any distressed mortgagor with respect to any mortgage, it shall transmit to the mortgagee a copy of such certificate, together with a notice stating that, while such certificate is in effect, such agency will assume the obligation of such mortgagor to make payments due under the mortgage.

"(2) Payments made by any Federal mortgage agency pursuant to a certificate of moratorium issued under this section with respect to the mortgage of any distressed mortgagor may include, in addition to the payments referred to in paragraph (1), an amount equal to the unpaid payments under such mortgage prior to the issuance of such certificate, plus a reasonable allowance for foreclosure costs actually paid by the mortgagee if a foreclosure action was dismissed as a result of the issuance of a moratorium certificate. Payments by the Federal mortgage agency may also include payments of taxes and insurance premiums on the mortgaged property as deemed necessary when these items are not provided for through payments to a tax and insurance account held by the interested mortgagee.

"(3) While any certificate of moratorium issued under this section is in effect with respect to the mortgage of any distressed mortgagor, no further payments due under the mortgage shall be required of such mortgagor, and no action (legal or otherwise) shall be taken or maintained by the mortgagee to enforce or collect such payments. Upon the expiration of such certificate, the mortgagor shall again be liable for the payment of all amounts due under the mortgage in accordance with its terms.

"(4) Each Federal mortgage agency shall give prompt notice in writing to the interested mortgagor and mortgagee of the expiration of any certificate of moratorium issued by it under this section.

"(d) The Federal mortgage agencies are authorized to issue such individual and joint regulations as may be necessary to carry out this section and to insure the uniform administration thereof.

"(e) There shall be in the Treasury (1) a fund which shall be available to the Secretary of Housing and Urban Development for the purpose of extending financial assistance in behalf of distressed mortgagors as provided in subsection (c) and for paying administrative expenses incurred in connection with such assistance, and (2) a fund which shall be available to the Administrator of Veterans' Affairs for the same purpose, except administrative expenses. The capital of each such fund shall consist of such sums as may, from time to time, be appropriated thereto, and any sums so appropriated shall remain available until expended. Receipts arising from the programs of assistance under subsection (c) shall be credited to the fund from which such assistance was extended. Moneys in either of such funds not needed for current operations, as determined by the Secretary of Housing and Urban Development, or the Administrator of Veterans' Affairs, as the case may be, shall be invested in bonds or other obligations of the United States, or paid into the Treasury as miscellaneous receipts."

Acquisition of certain properties situated at or near military bases which have been ordered to be closed

SEC. 914. (a) Notwithstanding any other provision of law, the Secretary of Defense is authorized to acquire title to, hold, manage, and dispose of, or, in lieu thereof, to reimburse for certain losses upon private sale of, or foreclosure against, any property improved with a one- or two-family dwelling which is situated at or near a military base or installation which the Department of Defense has, subsequent to November 1, 1964, ordered to be closed in whole or in part, if he determines—

(1) that the owner of such property is, or has been, a Federal employee employed at or in connection with such base or installation (other than a temporary employee serving under a time limitation) or a serviceman assigned thereto;

(2) that the closing of such base or installation, in whole or in part, has required or will require the termination of such owner's employment or service at or in connection with such base or installation; and

(3) that as the result of the actual or pending closing of such base or installation, in whole or in part, there is no present market for the sale of such property upon reasonable terms and conditions.

(b) In order to be eligible for the benefits of this section such employees or military personnel must be or have been—

(1) assigned to or employed at or in connection with the installation or activity at the time of public announcement of the closure action,

(2) transferred from such installation or activity, or terminated as employees as a result of reduction-in-force, within six months prior to public announcement of the closure action, or

(3) transferred from the installation or activity on an overseas tour unaccompanied by dependents within fifteen months prior to public announcement of the closure action:

Provided, That, at the time of public announcement of the closure action, or at the time of transfer or termination as set forth above, such personnel or employees must—

(i) have been the owner-occupant of the dwelling, or

(ii) have vacated the owned dwelling as a result of being ordered into on-post housing during a six-month period prior to the closure announcement:

Provided further, That as a consequence of such closure such employees or personnel must—

(i) be required to relocate because of military transfer or acceptance of employment beyond a normal commuting distance from the dwelling for which compensation is sought, or

(ii) be unemployed, not as a matter of personal choice, and able to demonstrate such financial hardship that they are unable to meet their mortgage payments and related expenses.

(c) Such persons as the Secretary of Defense may determine to be eligible under the criteria set forth above shall elect either (1) to receive a cash payment as compensation for losses which may be or have been sustained in a private sale or foreclosure, in an amount not to exceed the difference between (A) 95 per centum of the fair market value of their property prior to public announcement of intention to close all or part of the military base or installation and (B) the fair market value of such property at the time of the sale or foreclosure, or (2) to receive, as purchase price for their property, an amount not to exceed 90 per centum of prior fair market value as such value is determined by the Secretary of Defense, or the amount of the outstanding mortgages. An election to receive a cash payment as compensation for loss sustained in a private sale shall not be effective in any case in which the property at the time of the sale is encumbered by a mortgage loan guaranteed, insured, or held by a Federal agency unless such mortgage loan is paid or otherwise fully satisfied at or prior to the time such cash payment is made, or is assumed by the purchaser (who must be determined to be satisfactory to such Federal agency in the case of a sale occurring after the date of the enactment of this Act). In the event of foreclosure by mortgages commenced prior to the one hundred and twentieth day after the date of the enactment of this Act, the Secretary may pay or reimburse for direct costs of foreclosure, including deficiency judgments.

(d) There shall be in the Treasury a fund which shall be available to the Secretary of Defense for the purpose of extending the financial assistance provided above. The capital of such fund shall consist of such sums as may, from time to time, be appropriated thereto, and shall consist also of receipts from the management, rental, or sale of properties acquired under this section, which receipts shall be credited to the fund and shall be available, together with funds appropriated therefor, for purchase or reimbursement purposes as provided above, as well as to defray expenses arising in connection with the acquisition, management, and disposal of such properties, including payment of principal, interest, and expenses of mortgages or other indebtedness thereon, and including the cost of staff services and contract services, costs of insurance, and other indemnity. Any part of such receipts not required for such expenses shall be covered into the Treasury as miscellaneous receipts. Properties acquired under this section shall be conveyed to, and acquired in the name of, the United States. The Secretary of Defense shall have the power to deal with, rent, renovate, and dispose of, whether by sales for cash or credit or otherwise, any properties so acquired: *Provided, however,* That no contract for acquisition, or acquisition, shall be deemed to constitute a contract for or acquisition of family housing units in support of military installations or activities within the meaning of section 406(a) of the Act of August 30, 1957 (42 U.S.C. 15941), nor shall it be deemed a transaction within the contemplation of section 2662 of title 10, United States Code.

(e) Payments from the fund created by this section may be made in lieu of taxes to any State or political subdivision thereof, with respect to real property, including improvements thereon, acquired and held under this section. The amount so paid for any

year upon such property shall not exceed the taxes which would be paid to the State or subdivision, as the case may be, upon such property if it were not exempt from taxation, and shall reflect such allowance as may be considered appropriate for expenditures, if any, by the Government for streets, utilities, or other public services to serve such property.

(f) The title to any property acquired under this section, the eligibility for, and the amounts of, cash payable, and the administration of the preceding provisions of this section, shall conform to such requirements, and shall be administered under such conditions and regulations, as the Secretary of Defense may prescribe. Such regulations shall also prescribe the terms and conditions under which payments may be made and instruments accepted under this section, and all the determinations and decisions made pursuant to such regulations by the Secretary of Defense regarding such payments and conveyances and the terms and conditions under which they are approved or disapproved, shall be final and conclusive and shall not be subject to judicial review.

(g) The Secretary of Defense is authorized to enter into such agreement with the Secretary of Housing and Urban Development as may be appropriate for the purposes of economy and efficiency of administration of this section. Such agreement may provide authority to the Secretary of Housing and Urban Development and his designee to make any or all of the determinations and take any or all of the actions which the Secretary of Defense is authorized to undertake pursuant to the preceding provisions of this section. Any such determinations shall be entitled to finality to the same extent as if made by the Secretary of Defense, and; in event the Secretaries of Defense and Housing and Urban Development so elect, the fund established pursuant to subsection (d) of this section shall be available to the Secretary of Housing and Urban Development to carry out the purposes thereof.

(h) Section 223(a)(8) of the National Housing Act is amended to read as follows:

"(8) executed in connection with the sale by the Government of any housing acquired pursuant to section 915 of the Demonstration Cities and Metropolitan Development Act of 1966."

(i) No funds may be appropriated for the acquisition of any property under authority of this section unless such funds have been specifically authorized for such purpose in a military construction authorization act, and no moneys in the fund created pursuant to subsection (d) of this section may be expended for any purpose except as may be provided in appropriation acts.

(j) Section 108 of the Housing and Urban Development Act of 1965 is repealed.

Leasing of facilities for housing bachelor military personnel

SEC. 915. Notwithstanding any other provision of law, the Secretary of a military department may acquire by lease in the United States, its territories or possessions, structures and real property relating thereto that are not located on a military base and that are needed for housing bachelor military personnel. A lease under the authority of this section may not be for a period of more than fifteen years.

College housing

SEC. 916. (a) Section 404(b)(4) of the Housing Act of 1950 is amended by striking out "public" immediately before "educational institution".

(b) Section 401(d) of such Act is amended by inserting before the period at the end thereof the following: "and, notwithstanding the first proviso of this subsection, the amount of this annual increase which is not

utilized for loans for hospitals may be utilized for loans for other educational facilities, as defined herein".

Study concerning relief of homeowners in proximity to airports

SEC. 917. Section 1113 of the Housing and Urban Development Act of 1965 is amended—

(1) by inserting "(a)" after "Sec. 1113.";

(2) by striking out "one year after the date of the enactment of this Act" and inserting in lieu thereof "six months after the date of the enactment of the Demonstration Cities and Metropolitan Development Act of 1966"; and

(3) by adding at the end thereof the following new subsection:

"(b) There is authorized to be appropriated the sum of \$100,000 to carry out subsection (a)."

Hydrology research for urban development

SEC. 918. (a) The Congress finds that there is an increasingly severe impact upon the national economy occasioned by storm water damages and costs of storm drainage control in urban and metropolitan areas; that engineering technology directed toward the specialized storm drainage problems of urbanized areas has not kept pace with the growth of drainage problems in such areas; and that effective areawide comprehensive planning requires efficient planning and design of all elements of urban drainage systems.

(b) The Secretary of Housing and Urban Development is authorized—

(1) by contract with public or private agencies to conduct studies, investigations, research, and demonstrations to develop and improve all aspects of the science and technology of urban hydrology as it relates to storm drainage systems for urban and metropolitan areas and to collection sewers for such areas, and by working agreements with other departments and agencies of the Federal Government to conduct studies, investigations, research, and demonstrations to develop and improve all aspects of the science and technology of urban hydrology;

(2) to evaluate the studies, investigations, research, and demonstrations authorized by this section; and

(3) to make available, through publications and other appropriate means, the information resulting from such studies, investigations, research, and demonstrations.

(c) The Secretary shall annually submit a report to the President and to the Congress concerning the studies, investigations, research, and demonstrations undertaken under this section with such recommendations as he deems desirable for additional legislation to develop the science of urban hydrology and its application.

(d) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

(e) Nothing contained in this section shall limit any authority of the Secretary under title III of the Housing Act of 1948, section 602 of the Housing Act of 1956, or any other provision of law.

Quarters and facilities for Federal home loan banks and the Federal Home Loan Bank Board

SEC. 919. (a) The second sentence of section 12 of the Federal Home Loan Bank Act (12 U.S.C. 1432) is amended by striking out "but no bank building shall be bought or erected to house any such bank, nor shall any such bank make any lease" and inserting in lieu thereof "but, except with the prior approval of the board, no bank building shall be bought or erected to house any such bank, or leased by such bank under any lease".

(b) Section 18 of such Act (12 U.S.C. 1438) is amended—

(1) by adding at the end of subsection (b) the following new sentence: "Such assessments may include such amounts as the

board may deem advisable for carrying out the provisions of subsection (c) of this section." and

(2) by adding at the end thereof the following new subsection:

"(c)(1) The board, utilizing the services of the Administrator of General Services (hereinafter referred to as the 'Administrator'), and subject to any limitation hereon which may hereafter be imposed in appropriation Acts, is hereby authorized—

"(A) to acquire, in the name of the United States real property in the District of Columbia, for the purposes set forth in this subsection;

"(B) to construct, develop, furnish, and equip such buildings thereon and such facilities as in its judgment may be appropriate to provide, to such extent as the board may deem advisable, suitable and adequate quarters and facilities for the board and the agencies under its administration or supervision;

"(C) to enlarge, remodel, or reconstruct any of the same; and

"(D) to make or enter into contracts for any of the foregoing.

"(2) The board may require of the respective banks, and they shall make to the board, such advances of funds for the purposes set out in paragraph (1) as in the sole judgment of the board may from time to time be advisable. Such advances shall be in addition to the assessments authorized in subsection (b) and shall be apportioned by the board among the banks in proportion to the total assets of the respective banks, determined in such manner and as of such times as the board may prescribe. Each such advance shall bear interest at the rate of 4½ per centum per annum from the date of the advance and shall be repaid by the board in such installments and over such period, not longer than twenty-five years from the making of the advance, as the board may determine. Payments of interest and principal upon such advances shall be made from receipts of the board or from other sources which may from time to time be available to the board. The obligation of the board to make any such payment shall not be regarded as an obligation of the United States. To such extent as the board may prescribe any such obligation shall be regarded as a legal investment for the purposes of subsections (g) and (h) of section 11 and for the purposes of section 16.

"(3) The plans and designs for such buildings and facilities and for any such enlargement, remodeling, or reconstruction shall, to such extent as the chairman of the board may request, be subject to his approval.

"(4) Upon the making of arrangements mutually agreeable to the board and the Administrator, which arrangements may be modified from time to time by mutual agreement between them and may include but shall not be limited to the making of payments by the board and such agencies to the Administrator and by the Administrator to the board, the custody, management, and control of such buildings and facilities and of such real property shall be vested in the Administrator in accordance therewith. Until the making of such arrangements such custody, management, and control, including the assignment and allotment and the reassignment and reallocation of building and other space, shall be vested in the board.

"(5) Any proceeds (including advances) received by the board in connection with this subsection, and any proceeds from the sale or other disposition of real or other property acquired by the board under this subsection, shall be considered as receipts of the board, and obligations and expenditures of the board and such agencies in connection with this subsection shall not be considered as administrative expenses. As used in this subsection, the term 'property' shall include interests in property.

"(6) With respect to its functions under

this subsection the board shall (A) annually prepare and submit a budget program as provided in title I of the Government Corporation Control Act with regard to wholly owned Government corporations, and for purposes of this sentence, the terms 'wholly owned Government corporations' and 'Government corporations', wherever used in such title, shall include the board, and (B) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions as provided in such title, and no other audit, settlement, or adjustment shall be required with respect to transactions under this subsection or with respect to claims, demands, or accounts by or against any person arising thereunder. Except as otherwise provided in this subsection or by the board, the provisions of this subsection and the functions thereby or thereunder subsisting shall be applicable and exercisable notwithstanding and without regard to the Act of June 20, 1938 (D.C. Code, secs. 5-413-5-428), except that the proviso of section 16 thereof shall apply to any building constructed under this subsection, and section 306 of the Act of July 30, 1947 (61 Stat. 584), or any other provision of law relating to the construction, alteration, repair, or furnishing of public or other buildings or structures or the obtaining of sites therefor, but any person or body in whom any such function is vested may provide for delegation or redelegation of the exercise of such function.

"(7) No obligation shall be incurred and no expenditure, except in liquidation of obligation, shall be made pursuant to the first two subparagraphs of paragraph (1) of this subsection if the total amount of all obligations incurred pursuant thereto would thereupon exceed \$13,200,000, or such greater amount as may be provided in an appropriation Act or other law."

Small Business Act

SEC. 920. Paragraph (1) of section 8(b) of the Small Business Act is amended by inserting "(A)" after "(1)", by inserting "and" after "Administration;" and by adding at the end thereof a new subparagraph as follows:

"(B) to allow an individual or group of persons cooperating with it in furtherance of the purposes of subparagraph (A) to make such use of its office facilities and related materials and services as it deems appropriate;"

Use of certain lands for civil defense purposes

SEC. 921. Section 2 of the Act entitled "An Act to provide for the conveyance of a tract of land in Prince Georges County, Maryland, to the State of Maryland for use as a site for a National Guard Armory and for training the National Guard or for other military purposes", approved August 10, 1949 (63 Stat. 592), is amended by striking out "The land" and inserting in lieu thereof "(a) Except as provided in subsection (b) of this section, the land" and by adding at the end thereof the following new subsection:

"(b) The Secretary of Housing and Urban Development shall execute the necessary instrument or instruments to provide that a certain portion of land, not to exceed two acres, on the easterly side of the land described in the first section of this Act, as more particularly determined and designated by the Secretary of the Army, may be used for civil defense or other emergency preparedness purposes or the purposes stated in subsection (a) and that such use shall not cause the reverter clause set forth herein to become operable."

Mortgage insurance for land development—Clarifying amendments

SEC. 922. Section 1001(d) of the National Housing Act is amended—

(1) by striking out "sewerage disposal installations," and inserting in lieu thereof "sewerage disposal installations, steam, gas, and electric lines and installations;"

(2) by striking out the semicolon after "or common use", and inserting in lieu thereof a period and the following new sentence: "Related uses may include industrial uses, with sites for such uses to be in proper proportion to the size and scope of the development;"

(3) by striking out "but such term" and inserting in lieu thereof: "The term improvements" and

(4) by inserting after "sewerage disposal installation," in clause (1) the following: "or a steam, gas, or electric line or installation."

Miscellaneous and technical amendments

SEC. 923. (a) Section 106(d) of the Housing Act of 1949 is repealed.

(b) Section 227(a) of the National Housing Act is amended by striking out "subsection (b) (2)" in clause (vi) and inserting in lieu thereof "subsection (b)".

(c) The last sentence of section 305(e) of the National Housing Act is amended by striking out "supplementing" and inserting in lieu thereof "supplementary".

(d) Section 308 of the National Housing Act is amended by striking out "(a)".

(e) Section 512 of the National Housing Act is amended by striking out "or IX" and inserting in lieu thereof "IX, X, or XI".

(f) Section 1001(c) of the National Housing Act is amended by striking out "'mortgage'" and inserting in lieu thereof "'mortgagee'".

(g) Section 1 of the National Housing Act is amended by striking out "and X" wherever it appears and inserting in lieu thereof "X, and XI".

(h) Section 102(h) of the Housing Amendments of 1955 is amended by striking out "section 213 of the National Housing Act, as amended, the Commissioner" and inserting in lieu thereof "section 213 of the National Housing Act, section 221(d)(3) of the National Housing Act, and section 101 of the Housing and Urban Development Act of 1965 (insofar as the provisions of such sections relate to cooperative housing), the Secretary of Housing and Urban Development", and by striking out "such section" each place it appears and inserting in lieu thereof "such sections".

Mr. MANSFIELD. Mr. President, I move that the Senate disagree to the amendment of the House and agree to the conference requested by the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SPARKMAN, Mr. DOUGLAS, Mr. PROXMIRE, Mr. WILLIAMS of New Jersey, Mr. MUSKIE, Mr. LONG of Missouri, Mr. MCINTYRE, Mr. TOWER, Mr. BENNETT, and Mr. HICKENLOOPER conferees on the part of the Senate.

CORRECTION IN ENROLLMENT OF SENATE BILL 3488

Mr. MANSFIELD. Mr. President, the Senate and the House both recently passed a bill which created the Washington Metropolitan Area Transit Regulation Compact. This legislation is, of course, of great importance to the future of transportation in this area.

After the Senate had passed the bill (S. 3488), it was sent to the House, where it passed with several amendments. The Clerk of the House erroneously included in the engrossed copy of the bill one

amendment which had been rejected by the House.

The bill including the rejected amendment was returned to the Senate. This error was unnoticed, and the Senate accepted the bill in the form in which it was returned from the House.

Briefly, therefore, Congress sent to the President a bill embodying an amendment which neither the Senate nor the House desired. I am, therefore, submitting a concurrent resolution that will correct this error, and I ask for its immediate consideration.

The PRESIDING OFFICER. The concurrent resolution will be stated.

The assistant legislative clerk read the concurrent resolution, as follows:

S. CON. RES. 115

Resolved by the Senate (the House of Representatives concurring), That the President of the United States be, and he is hereby, requested to return to the Senate the enrolled bill (S. 3488) entitled "An Act to grant the consent of Congress for the States of Virginia and Maryland and the District of Columbia to amend the Washington Metropolitan Area Transit Regulation Compact to establish an organization empowered to provide transit facilities in the National Capital Region and for other purposes and to enact said amendment for the District of Columbia"; that upon its return, the action of the Speaker of the House of Representatives and the President pro tempore of the Senate in signing the said bill be deemed to be rescinded; and that in the reenrollment of said bill, the Secretary of the Senate be, and he is hereby, authorized and directed to make the following change, viz.: In Section 3 of the engrossed bill, change subsection (a) to read: "To assure uninterrupted progress in the development of the facilities authorized by the National Capital Transportation Act of 1965, the transfer of the functions and duties of the National Capital Transportation Agency (herein referred to as the Agency) to the Washington Metropolitan Area Transit Authority (herein referred to as the Authority) as required by Section 301(b) of the National Capital Transportation Act of 1960 shall take place on September 30, 1967."

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the concurrent resolution (S. Con. Res. 115) was considered and agreed to.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. STENNIS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. RUSSELL of South Carolina in the chair). Without objection, it is so ordered.

MILITARY CONSTRUCTION—CONFERENCE REPORT

Mr. STENNIS. Mr. President, our friend from Massachusetts [Mr. SALTONSTALL] has taken a very valuable part in legislation on military matters for many years, as well as on every other major phase of this Government. I do not know of any Senator who has attended as many conferences as he has—cer-

tainly in the span of years he has served. This may be the last conference report that may come before us in which he has taken such a conspicuous part during his tenure of office. I have asked him if he would present the conference report.

Mr. SALTONSTALL. Mr. President, the Senator from Mississippi is again acting with his usual courtesy. He and I have been members of the Military Construction Subcommittee for many years. I think he and I have been, for the most part, the Senate representatives on committees of conference on this bill. I appreciate very much his permitting a Member on this side of the aisle to present the conference report. I think it is the first time it has been done for at least 10 years, and it is done now only through his courtesy and generosity. It comes as a great surprise to me. I shall be glad to do it. The conference report was unanimously agreed to, and there was great cooperation on both sides.

Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 17637) making appropriations for military construction for the Department of Defense, for the fiscal year ending June 30, 1967, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of Oct. 13, 1966, p. 25529, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. SALTONSTALL. Mr. President, the report was signed by all the conferees on the part of the House of Representatives and the Senate and has been agreed to by the House.

The total of the bill as agreed to in conference is \$979,570,000. This is only \$6,948,000 under the sum approved by the Senate and \$39,770,000 below the amount of the House-passed bill. The total amount of reduction from the budget estimated is \$135,377,000.

As is apparent, the Senate position prevailed in most instances. The large reduction made by the Senate of \$40,100,000 for foreign aid construction in South Vietnam which should have been in the foreign aid bill was agreed to by the House. Another large reduction agreed to by the House was \$5,281,000 for protective facilities in Europe. The House also agreed to this reduction.

I may interpolate that on these two large reductions, the conferees agreed that they did not belong in a military construction bill, but, rather, belonged in a foreign aid appropriation bill. The House agreed to that contention.

In the area of minor construction, the conferees restored to the bill \$1,700,000 of an original amount of \$6 million in dispute. This was the largest individual reduction from the Senate position.

For the Army the conferees approved a project at Edgewood Arsenal, Md., for an explosive test chamber in the amount of \$636,000 and a petroleum laboratory at New Cumberland Army Depot, N.J., in the amount of \$55,000.

The Senate position prevailed in projects in the amount of \$290,000 at Naval Shipyard, Portsmouth, N.H., an applied training building at Naval Air Station, Memphis, Tenn., for \$1,188,000, and a commissary costing \$404,000 at Naval Station, Puget Sound, Wash. In addition, the conferees agreed that the community support facilities should be built at Chichi Jima, Bonin Islands, for \$204,000.

In the Air Force, agreement was reached to keep three projects at Hill Air Base amounting to \$870,000. At Tinker Air Force Base, agreement was reached to spend \$450,000 for officers quarters. The original request was for \$956,000. The conferees agreed to go ahead with the maintenance hangar at Holloman Air Force Base for \$1,477,000, as well as alteration of headquarters at Offutt Air Force Base, Nebr., in the amount of \$560,000; a sewage treatment plant at Dover Air Base, Del., \$250,000 and a jet engine test cell, \$473,000 for Tyndall Air Force Base, Fla. The much-needed fleet service facilities costing \$374,000 at Travis Air Force Base, Calif., was approved. Agreement was reached by the conferees on three much-needed projects at Malmstrom Air Force Base, Mont. The sums agreed to were \$300,000 for heated auto storage facilities; a civil engineering facility, \$888,000, and an air-men's dormitory, \$400,000.

Under the housing category, Department of Defense, the reduction of \$4 million made by the Senate was agreed to.

Mr. President, this concludes my summary of the conference. I am sure that the Senator from Mississippi, as I, would be pleased to answer any questions concerning individual projects considered by the conferees.

Mr. President, I ask unanimous consent that a table summarizing the military construction appropriation bill of 1967, as passed, be printed in the Record at the end of these remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. SALTONSTALL. Mr. President, I thank the Senator from Mississippi [Mr. STENNIS] for permitting me, as a Member of the minority, to make this statement on behalf of the conferees.

I can only say that the conferees were all in agreement, and that, under the leadership of the Senator from Mississippi, the military construction bill has generally been approved by both bodies unanimously over the past few years. It has been an honor and a pleasure to serve with the Senator from Mississippi on that committee as well as on other committees.

Mr. STENNIS. Mr. President, I thank the Senator very much for his very kind and gracious remarks. It has been a

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued Oct. 19, 1966
For actions of Oct. 18, 1966
89th-2nd; No. 179

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HIGHLIGHTS: Both Houses received and Senate agreed to conference report on demonstration cities bill including rural-housing amendments. House passed supplemental appropriations bill. House received conference report on food for peace bill. Senate committees reported bills to permit sale of grain storage facilities and to provide separate accounting systems for USDA funds. Senate adopted conference report on poverty bill. Senate concurred in House amendment to disaster relief bill. Senate committee voted to report heliport bill.

HOUSE

1. FOOD FOR PEACE. Received a new conference report on H. R. 14929, the food-for-peace bill, with a modified provision regarding trade with North Vietnam and Cuba (H. Rept. 2304). pp. 26430-6
2. APPROPRIATIONS. Passed with amendment H. R. 18381, the supplemental appropriation bill. See Digest 178 for items of interest to this Department. pp. 26333-60
3. HOUSING LOANS. Received the conference report on S. 3708, the proposed Demonstration Cities and Metropolitan Development Act of 1966, which includes amendments to the rural-housing law (see Digest 176 for provisions)(H. Rept. 2301). pp. 26370-84

4. EDUCATION. Received the conference report on H. R. 13161, to strengthen and improve programs of assistance for elementary and secondary schools (H. Rept. 2309). pp. 26464-7

5. TAXATION. Received the conference report on H. R. 17607, to suspend the investment credit and the allowance of accelerated depreciation in the case of certain real property (H. Rept. 2308). pp. 26367-70

The Ways and Means Committee reported with amendments H. R. 7030, to amend the Internal Revenue Code to allow a farmer a deduction from gross income for water assessments levied by irrigation ditch companies, etc. (H. Rept. 2299). p. 26477

6. WATER FOR PEACE. The Rules Committee reported a resolution for consideration of S. J. Res. 167, to enable the U. S. to hold an International Conference on Water for Peace in the U. S. in 1967. p. 26436

7. COMMITTEE ASSIGNMENTS. Rep. Mackie resigned from the Agriculture Committee and was elected to the Public Works Committee. Several other changes in committee assignments were agreed to. pp. 26436-7

8. INTERGOVERNMENTAL RELATIONS. A subcommittee of the Government Operations Committee approved for full committee action H. R. 17955, the proposed Intergovernmental Relations Act of 1966. p. D1019

9. WATERSHEDS. The Public Works Committee approved various watershed reports. p. D1019

SENATE

10. GRAIN STORAGE. The Agriculture and Forestry Committee reported without amendment H. R. 12360, to permit the sale of grain storage facilities to public and private nonprofit agencies and organizations (S. Rept. 1835). p. 26238

11. ACCOUNTING. The Agriculture and Forestry Committee reported without amendment S. 3699, to require the Department and the Budget Bureau to make a separate accounting of funds requested for the Department of Agriculture for programs and activities that primarily stabilize farm income and those that primarily benefit consumers, business men, and the general public (S. Rept. 1836). p. 26238

12. INTERGOVERNMENTAL RELATIONS. The Government Operations Committee reported without amendment H. R. 15335, to amend the act to establish an Advisory Commission on Intergovernmental Relations in order to make several relatively minor amendments to enable the Commission to function more effectively and to reflect certain changes that have occurred since the statute was enacted in 1959. p. 26237

13. POVERTY. Agreed to the conference report on H. R. 15111, to continue and amend various programs under the Economic Opportunity Act. pp. 26295-8

14. LANDS. The Agriculture and Forestry Committee reported without amendment S. 433, to authorize the Secretary of Agriculture to sell certain land in Lander, Wyo. (S. Rept. 1837). p. 26238

15. HOUSING LOANS. Agreed to the conference report on S. 3708, the demonstration cities bill, which includes amendments to the rural-housing law. pp. 26284-8
16. DISASTER RELIEF. Concurred in the House amendment to S. 1861, to provide additional assistance for areas suffering a major disaster (pp. 26313-16). The bill as passed does not contain the section which would have permitted the Secretary of Agriculture under certain conditions to replace income producing livestock or growing crops damaged or destroyed as a result of a major disaster. This bill will now be sent to the President.
17. HEALTH SERVICES. Concurred in House amendment to S. 3008, to amend the Public Health Services Act to promote and assist in the extension and improvement of comprehensive health planning and public health services, to provide for a more effective use of available Federal funds for such planning and services (pp. 26309-13). This bill will now be sent to the President.
18. WATERSHEDS. The Agriculture and Forestry Committee and the Public Works Committee approved various watershed reports. pp. D1016, D1017
19. D. C. HELIPORT. The Public Works Committee voted to report (but did not actually report) H. R. 15024, to establish heliport facilities in D. C. p. D1017
20. FARM PROGRAM. Sen. Ervin spoke on "North Carolina's state in agriculture" and described farm programs of assistance to that State. pp. 26266-7
21. PERSONNEL. Sen. Talmadge inserted testimony by Robert Ramspeck favoring legislation to prohibit psychological testing, telephone tapping, polygraph machines, and questionnaires "invading the privacy of Federal employees." pp. 26272-3
22. TARIFF. Agreed to, without amendment, S. Res 315, to direct the Tariff Commission to investigate the tariff on olives and report their findings to the Senate by Mar. 31, 1967. p. 26284
23. LEGISLATIVE RECORD. Sen. McClellan reported on the activities of the Government Operations Committee. pp. 26300-6
24. WATER. Sen. Moss inserted an article on the possibility of bringing surplus water from Canada and Alaska. pp. 26321-2
25. NATURAL RESOURCES; ORGANIZATION. Sen. Moss spoke in favor of a Department of Natural Resources. pp. 26322-3

ITEMS IN APPENLIX

26. DEMONSTRATION CITIES. Rep. Farbstein inserted his speech in the House in support of the demonstration cities bill. pp. A5376-7
27. FOOD COSTS. Rep. Rhodes commended and inserted an article deploring the high cost of food and other consumer goods. p. A5379
28. POLLUTION. Extension of remarks of Rep. Rumsfeld and insertion of a review of the book entitled "The Pollution Paradox." p. A5380

29. INTERGOVERNMENTAL RELATIONS. Extension of remarks of Rep. Dwyer and insertion of an article on the White House Fellows program which is designed to increase interchange of ideas and experience among levels of government.
p. A5381-2

BILL INTRODUCED

30. HIGHWAYS. H. R. 18427 by Rep. Landrum, to authorize the Secretary of Agriculture to cooperate with States, counties, and local public agencies in the planning and installation of works and measures to control or prevent erosion damages to the roadbeds and rights-of-way of existing State and county roads and highways; to Public Works Committee.

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COMMITTEE HEARING OCT. 19:

Supplemental appropriations, S. Appropriations (exec).

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DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966

OCTOBER 18, 1966.—Ordered to be printed

Mr. PATMAN, from the committee of conference, submitted the
following

CONFERENCE REPORT

[To accompany S. 3708]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3708) to assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: *That this Act may be cited as the "Demonstration Cities and Metropolitan Development Act of 1966"*.

TITLE I—COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

FINDINGS AND DECLARATION OF PURPOSE

SEC. 101. *The Congress hereby finds and declares that improving the quality of urban life is the most critical domestic problem facing the United States. The persistence of widespread urban slums and blight, the concentration of persons of low income in older urban areas, and the unmet needs for additional housing and community facilities and services arising from rapid expansion of our urban population have resulted in a marked deterioration in the quality of the environment and the lives of large numbers of our people while the Nation as a whole prospers.*

The Congress further finds and declares that cities, of all sizes, do not have adequate resources to deal effectively with the critical problems facing them, and that Federal assistance in addition to that now authorized by the urban renewal program and other existing Federal grant-in-aid programs is essential to enable cities to plan, develop, and conduct programs to improve their physical environment, increase their supply of adequate housing for low- and moderate-income people, and provide educational and social services vital to health and welfare.

The purposes of this title are to provide additional financial and technical assistance to enable cities of all sizes (with equal regard to the problems of small as well as large cities) to plan, develop, and carry out locally prepared and scheduled comprehensive city demonstration programs containing new and imaginative proposals to rebuild or revitalize large slum and blighted areas; to expand housing, job, and income opportunities; to reduce dependence on welfare payments; to improve educational facilities and programs; to combat disease and ill health; to reduce the incidence of crime and delinquency; to enhance recreational and cultural opportunities; to establish better access between homes and jobs; and generally to improve living conditions for the people who live in such areas, and to accomplish these objectives through the most effective and economical concentration and coordination of Federal, State, and local public and private efforts to improve the quality of urban life.

BASIC AUTHORITY

SEC. 102. The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to make grants and provide technical assistance, as provided by this title, to enable city demonstration agencies (as defined in section 112(2)) to plan, develop, and carry out comprehensive city demonstration programs in accordance with the purposes of this title.

ELIGIBILITY FOR ASSISTANCE

SEC. 103. (a) A comprehensive city demonstration program is eligible for assistance under sections 105 and 107 only if—

(1) physical and social problems in the area of the city covered by the program are such that a comprehensive city demonstration program is necessary to carry out the policy of the Congress as expressed in section 101;

(2) the program is of sufficient magnitude to make a substantial impact on the physical and social problems and to remove or arrest blight and decay in entire sections or neighborhoods; to contribute to the sound development of the entire city; to make marked progress in reducing social and educational disadvantages, ill health, underemployment, and enforced idleness; and to provide educational, health, and social services necessary to serve the poor and disadvantaged in the area, widespread citizen participation in the program, maximum opportunities for employing residents of the area in all phases of the program, and enlarged opportunities for work and training;

(3) the program, including rebuilding or restoration, will contribute to a well-balanced city with a substantial increase in the supply of standard housing of low and moderate cost, maximum opportunities in the choice of housing accommodations for all citizens of all

income levels, adequate public facilities (including those needed for education, health and social services, transportation, and recreation), commercial facilities adequate to serve the residential areas, and ease of access between the residential areas and centers of employment;

(4) the various projects and activities to be undertaken in connection with such programs are scheduled to be initiated within a reasonably short period of time; adequate local resources are, or will be, available for the completion of the program as scheduled, and, in the carrying out of the program, the fullest utilization possible will be made of private initiative and enterprise; administrative machinery is available at the local level for carrying out the program on a consolidated and coordinated basis; substantive local laws, regulations, and other requirements are, or can be expected to be, consistent with the objectives of the program; there exists a relocation plan meeting the requirements of the regulations referred to in section 107; the local governing body has approved the program and, where appropriate, applications for assistance under the program; agencies whose cooperation is necessary to the success of the program have indicated their intent to furnish such cooperation; the program is consistent with comprehensive planning for the entire urban or metropolitan area; and the locality will maintain, during the period an approved comprehensive city demonstration program is being carried out, a level of aggregate expenditures for activities similar to those being assisted under this title which is not less than the level of aggregate expenditures for such activities prior to initiation of the comprehensive city demonstration program; and

(5) the program meets such additional requirements as the Secretary may establish to carry out the purposes of this title: Provided, That the authority of the Secretary under this paragraph shall not be used to impose criteria or establish requirements except those which are related and essential to the specific provisions of this title.

(b) In implementing this title the Secretary shall—

(1) emphasize local initiative in the planning, development, and implementation of comprehensive city demonstration programs;

(2) insure, in conjunction with other appropriate Federal departments and agencies and at the direction of the President, maximum coordination of Federal assistance provided in connection with this title, prompt response to local initiative, and maximum flexibility in programing, consistent with the requirements of law and sound administrative practice; and

(3) encourage city demonstration agencies to (A) enhance neighborhoods by applying a high standard of design, (B) maintain, as appropriate, natural and historic sites and distinctive neighborhood characteristics, and (C) make maximum possible use of new and improved technology and design, including cost reduction techniques.

(c) The preparation of demonstration city programs should include to the maximum extent feasible (1) the performance of analyses that provide explicit and systematic comparisons of the costs and benefits, financial and otherwise, of alternative possible actions or courses of action designed to fulfill urban needs; and (2) the establishment of programing systems designed to assure effective use of such analyses by city demonstration agencies and by other government bodies.

(d) Nothing in this section shall authorize the Secretary to require (or condition the availability or amount of financial assistance authorized to be provided under this title upon) the adoption by any community of a

program (1) by which pupils now resident in a school district not within the confines of the area covered by the city demonstration program shall be transferred to a school or school district including all or part of such area, or (2) by which pupils now resident in a school district within the confines of the area covered by the city demonstration program shall be transferred to a school or school district not including a part of such area.

FINANCIAL ASSISTANCE FOR PLANNING COMPREHENSIVE CITY
DEMONSTRATION PROGRAMS

SEC. 104. (a) The Secretary is authorized to make grants to, and to contract with, city demonstration agencies to pay 80 per centum of the cost of planning and developing comprehensive city demonstration programs.

(b) Financial assistance will be provided under this section only if (1) the application for such assistance has been approved by the local governing body of the city, and (2) the Secretary has determined that there exist (A) administrative machinery through which coordination of all related planning activities of local agencies can be achieved, and (B) evidence that necessary cooperation of agencies engaged in related local planning can be obtained.

FINANCIAL ASSISTANCE FOR APPROVED COMPREHENSIVE CITY
DEMONSTRATION PROGRAMS

SEC. 105. (a) The Secretary is authorized to approve comprehensive city demonstration programs if, after review of the plans, he determines that such plans satisfy the criteria for such programs set forth in section 103.

(b) The Secretary is authorized to make grants to, and to contract with, city demonstration agencies to pay 80 per centum of the cost of administering approved comprehensive city demonstration programs, but not the cost of administering any project or activity assisted under a Federal grant-in-aid program.

(c) To assist the city to carry out the projects or activities included within an approved comprehensive city demonstration program, the Secretary is authorized to make grants to the city demonstration agency of not to exceed 80 per centum of the aggregate amount of non-Federal contributions otherwise required to be made to all projects or activities assisted by Federal grant-in-aid programs (as defined in section 112(1)) which are carried out in connection with such demonstration program: Provided, That no Federal grant-in-aid program shall be considered to be carried out in connection with such demonstration program unless it is closely related to the physical and social problems in the area of the city covered by the program and unless it can reasonably be expected to have a noticeable effect upon such problems. The specific amount of any such grant shall take into account the number and intensity of the economic and social pressures in the sections or neighborhoods involved, such as those involving or resulting from population density, poverty levels, unemployment rate, public welfare participation, educational levels, health and disease characteristics, crime and delinquency rate, and degree of substandard and dilapidated housing. The amount of non-Federal contribution required for each project in a Federal grant-in-aid program shall be certified to the Secretary by the Federal department or agency (other than the Department of Housing and Urban

Development) administering such program, and the Secretary shall accept such certification in computing the grants hereunder.

(d) Grant funds provided to assist projects and activities included within an approved comprehensive city demonstration program pursuant to subsection (c) of this section shall be made available to assist new and additional projects and activities not assisted under a Federal grant-in-aid program. To the extent such funds are not necessary to support fully such new and additional projects and activities, they may be used and credited as part or all of the required non-Federal contribution to projects or activities, assisted under a Federal grant-in-aid program, which are part of an approved comprehensive city demonstration program. Such grant funds, however, shall not be used—

(1) for the general administration of local governments; or

(2) to replace non-Federal contributions in any federally aided project or activity included in an approved comprehensive city demonstration program, if prior to the filing of an application for assistance under section 104 an agreement has been entered into with any Federal agency obligating such non-Federal contributions with respect to such project or activity.

TECHNICAL ASSISTANCE

SEC. 106. The Secretary is authorized to undertake such activities as he determines to be desirable to provide, either directly or by contracts or other arrangements, technical assistance to city demonstration agencies to assist such agencies in planning, developing, and administering comprehensive city demonstration programs.

RELOCATION REQUIREMENTS AND PAYMENTS

SEC. 107. (a) A comprehensive city demonstration program shall include a plan for the relocation of individuals, families, business concerns, and nonprofit organizations displaced or to be displaced in the carrying out of such program. The relocation plan shall be consistent with regulations prescribed by the Secretary to assure that (1) the provisions and procedures included in the plan meet relocation standards equivalent to those prescribed under section 105(c) of the Housing Act of 1949 with respect to urban renewal projects assisted under title I of that Act, and (2) relocation activities are coordinated to the maximum extent feasible with the increase in the supply of decent, safe, and sanitary housing for families and individuals of low or moderate income, as provided under the comprehensive city demonstration program, or otherwise, in order to best maintain the available supply of housing for all such families and individuals throughout the city.

(b)(1) To the extent not otherwise authorized under any Federal law, financial assistance extended to a city demonstration agency under section 105 shall include grants to cover the full cost of relocation payments, as herein defined. Such grants shall be in addition to other financial assistance extended to such agency under section 105.

(2) The term "relocation payments" means payments by a city demonstration agency to a displaced individual, family, business concern, or nonprofit organization which are made on such terms and conditions and subject to such limitations (to the extent applicable, but not including the date of displacement) as are provided for relocation payments, at the time

such payments are approved, by section 114 (b), (c), (d), and (e) of the Housing Act of 1949 with respect to projects assisted under title I thereof.

(c) Subsection (b) shall not be applicable with respect to any displacement occurring prior to the date of the enactment of this Act.

CONTINUED AVAILABILITY OF FEDERAL GRANT-IN-AID PROGRAM FUNDS

SEC. 108. Notwithstanding any other provision of law, unless hereafter enacted expressly in limitation of the provisions of this section, funds appropriated for a Federal grant-in-aid program which are reserved for any projects or activities assisted under such grant-in-aid program and undertaken in connection with an approved comprehensive city demonstration program shall remain available until expended.

CONSULTATION

SEC. 109. In carrying out the provisions of this title, including the issuance of regulations, the Secretary shall consult with other Federal departments and agencies administering Federal grant-in-aid programs. The Secretary shall consult with each Federal department and agency affected by each comprehensive city demonstration program before entering into a commitment to make grants for such program under section 105.

LABOR STANDARDS

SEC. 110. (a) All laborers and mechanics employed by contractors or subcontractors in the construction, rehabilitation, alteration, or repair of projects which—

(1) are federally assisted in whole or in part under this title and

(2) are not otherwise subject to section 212 of the National Housing Act, section 16(2) of the United States Housing Act of 1937, section 109 of the Housing Act of 1949, or any other provision of Federal law imposing labor standards on federally assisted construction,

shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5): Provided, That this section shall apply to the construction, rehabilitation, alteration, or repair of residential property only if such residential property is designed for residential use for eight or more families. No financial assistance shall be extended to any such projects unless adequate assurance is first obtained that these labor standards will be maintained upon the construction work.

(b) The Secretary of Labor shall have, with respect to the labor standards specified in subsection (a), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 1332-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c), and the Contract Work Hours Standards Act (76 Stat. 357).

APPROPRIATIONS

SEC. 111. (a) There are authorized to be appropriated, for the purpose of financial assistance and administrative expenses under sections 104 and 106, not to exceed \$12,000,000 for the fiscal year ending June 30,

1967, and not to exceed \$12,000,000 for the fiscal year ending June 30, 1968.

(b) There are authorized to be appropriated, for the purpose of financial assistance and administrative expenses under sections 105, 106, and 107, not to exceed \$400,000,000 for the fiscal year ending June 30, 1968, and not to exceed \$500,000,000 for the fiscal year ending June 30, 1969.

(c) Appropriations authorized under this section shall remain available until expended.

DEFINITIONS

SEC. 112. As used in this title—

(1) "Federal grant-in-aid program" means a program of Federal financial assistance other than loans and other than the assistance provided by this title.

(2) "City demonstration agency" means the city, the county, or any local public agency established or designated by the local governing body of such city or county to administer the comprehensive city demonstration program.

(3) "City" means any municipality (or two or more municipalities acting jointly) or any county or other public body (or two or more acting jointly) having general governmental powers.

(4) "Local" agencies include State agencies and instrumentalities providing services or resources to a city or locality, and "local" resources include those provided to a city or locality by a State or its agency or instrumentality.

GRANT AUTHORITY FOR URBAN RENEWAL PROJECTS WHICH ARE PART OF APPROVED COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

SEC. 113. Section 103(b) of the Housing Act of 1949 is amended by inserting after the first sentence the following new sentence: "In addition to the authority to make grants provided in the first sentence of this subsection, the Secretary may contract to make grants under this title, on or after July 1, 1967, in an amount not to exceed \$250,000,000: Provided, That the authority to contract to make grants provided by this sentence shall be exercised only with respect to an urban renewal project which is identified and scheduled to be carried out as one of the projects or activities included within an approved comprehensive city demonstration program assisted under the provisions of section 105(c) of the Demonstration Cities and Metropolitan Development Act of 1966."

STATE LIMIT

SEC. 114. Grants made under section 105 for projects in any one State shall not exceed in the aggregate 15 per centum of the aggregate amount of funds authorized to be appropriated under section 111.

TITLE II—PLANNED METROPOLITAN DEVELOPMENT

FINDINGS AND DECLARATION OF PURPOSE

SEC. 201. (a) The Congress hereby finds that the welfare of the Nation and of its people is directly dependent upon the sound and orderly development and the effective organization and functioning of the metropolitan areas in which two-thirds of its people live and work.

It further finds that the continuing rapid growth of these areas makes it essential that they prepare, keep current, and carry out comprehensive plans and programs for their orderly physical development with a view to meeting efficiently all their economic and social needs.

It further finds that metropolitan areas are especially handicapped in this task by the complexity and scope of governmental services required in such rapidly growing areas, the multiplicity of political jurisdictions and agencies involved, and the inadequacy of the operational and administrative arrangements available for cooperation among them.

It further finds that present requirements for areawide planning and programing in connection with various Federal programs have materially assisted in the solution of metropolitan problems, but that greater coordination of Federal programs and additional participation and cooperation are needed from the States and localities in perfecting and carrying out such efforts.

(b) It is the purpose of this title to provide through greater coordination of Federal programs and through supplementary grants for certain federally assisted development projects, additional encouragement and assistance to States and localities for making comprehensive metropolitan planning and programing effective.

COOPERATION BETWEEN FEDERAL AGENCIES

SEC. 202. In order to insure that all Federal programs related to metropolitan development are carried out in a coordinated manner—

(1) the Secretary is authorized to call upon other Federal agencies to supply such statistical data, program reports, and other materials as he deems necessary to discharge his responsibilities for metropolitan development, and to assist the President in coordinating the metropolitan development efforts of all Federal agencies; and

(2) all Federal agencies which are engaged in administering programs related to metropolitan development, or which otherwise perform functions relating thereto, shall, to the maximum extent practicable, consult with and seek advice from all other significantly affected Federal departments and agencies in an effort to assure fully coordinated programs.

METROPOLITAN EXPEDITERS

SEC. 203. Upon the request of the duly authorized local officials of the central city in any metropolitan area, and after consultation with local governmental authorities throughout the metropolitan area with respect to whether or not the Secretary should make an appointment under this section (and with respect to the individuals who might be so appointed), the Secretary may appoint a metropolitan expeditor for such area whenever he finds a need for the services specified in this section. The metropolitan expeditor shall provide information, data, and assistance to local authorities and private individuals and entities within the metropolitan area, and to all relevant Federal departments and agencies, with respect to all programs and activities conducted within such metropolitan area by the Department of Housing and Urban Development, and with respect to other public and private activities and needs within such metropolitan area which relate to the programs and activities of the Department.

COORDINATION OF FEDERAL AIDS IN METROPOLITAN AREAS

SEC. 204. (a) All applications made after June 30, 1967, for Federal loans or grants to assist in carrying out open-space land projects or for the planning or construction of hospitals, airports, libraries, water supply and distribution facilities, sewerage facilities and waste treatment works, highways, transportation facilities, and water development and land conservation projects within any metropolitan area shall be submitted for review—

(1) to any areawide agency which is designated to perform metropolitan or regional planning for the area within which the assistance is to be used, and which is, to the greatest practicable extent, composed of or responsible to the elected officials of a unit of areawide government or of the units of general local government within whose jurisdiction such agency is authorized to engage in such planning, and

(2) if made by a special purpose unit of local government, to the unit or units of general local government with authority to operate in the area within which the project is to be located.

(b)(1) Except as provided in paragraph (2) of this subsection, each application shall be accompanied (A) by the comments and recommendations with respect to the project involved by the areawide agency and governing bodies of the units of general local government to which the application has been submitted for review, and (B) by a statement by the applicant that such comments and recommendations have been considered prior to formal submission of the application. Such comments shall include information concerning the extent to which the project is consistent with comprehensive planning developed or in the process of development for the metropolitan area or the unit of general local government, as the case may be, and the extent to which such project contributes to the fulfillment of such planning. The comments and recommendations and the statement referred to in this paragraph shall, except in the case referred to in paragraph (2) of this subsection, be reviewed by the agency of the Federal Government to which such application is submitted for the sole purpose of assisting it in determining whether the application is in accordance with the provisions of Federal law which govern the making of the loans or grants.

(2) An application for a Federal loan or grant need not be accompanied by the comments and recommendations and the statements referred to in paragraph (1) of this subsection, if the applicant certifies that a plan or description of the project, meeting the requirements of such rules and regulations as may be prescribed under subsection (c), or such application, has lain before an appropriate areawide agency or instrumentality or unit of general local government for a period of sixty days without comments or recommendations thereon being made by such agency or instrumentality.

(3) The requirements of paragraphs (1) and (2) shall also apply to any amendment of the application which, in light of the purposes of this title, involves a major change in the project covered by the application prior to such amendment.

(c) The Bureau of the Budget, or such other agency as may be designated by the President, is hereby authorized to prescribe such rules and regulations as are deemed appropriate for the effective administration of this section.

GRANTS TO ASSIST IN PLANNED METROPOLITAN DEVELOPMENT

SEC. 205. (a) The Secretary is authorized to make supplementary grants to applicant State and local public bodies and agencies carrying out, or assisting in carrying out, metropolitan development projects meeting the requirements of this section.

(b) Grants may be made under this section only for metropolitan development projects in metropolitan areas for which it has been demonstrated, to the satisfaction of the Secretary, that—

(1) metropolitanwide comprehensive planning and programing provide an adequate basis for evaluating (A) the location, financing, and scheduling of individual public facility projects (including but not limited to hospitals and libraries; sewer, water, and sewage treatment facilities; highway, mass transit, airport, and other transportation facilities; and recreation and other open-space areas) whether or not federally assisted; and (B) other proposed land development or uses, which projects or uses, because of their size, density, type, or location, have public metropolitanwide or inter-jurisdictional significance;

(2) adequate metropolitanwide institutional or other arrangements exist for coordinating, on the basis of such metropolitanwide comprehensive planning and programing, local public policies and activities affecting the development of the area; and

(3) public facility projects and other land development or uses which have a major impact on the development of the area are, in fact, being carried out in accord with such metropolitanwide comprehensive planning and programing.

(c)(1) Where the applicant for a grant under this section is a unit of general local government, it must demonstrate to the satisfaction of the Secretary that, taking into consideration the scope of its authority and responsibilities, it is adequately assuring that public facility projects and other land development or uses of public metropolitanwide or inter-jurisdictional significance are being, and will be, carried out in accord with metropolitan planning and programing meeting the requirements of subsection (b). In making this determination the Secretary shall give special consideration to whether the applicant is effectively assisting in, and conforming to, metropolitan planning and programing through (A) the location and scheduling of public facility projects, whether or not federally assisted; and (B) the establishment and consistent administration of zoning codes, subdivision regulations, and similar land-use and density controls.

(2) Where the applicant for a grant under this section is not a unit of general local government, both it and the unit of general local government having jurisdiction over the location of the project must meet the requirements of this subsection.

(d) In making the determinations required under this section, the Secretary shall obtain, and give full consideration to, the comments of the body or bodies (State or local) responsible for comprehensive planning and programing for the metropolitan area.

(e) No grant shall be made under this section with respect to a metropolitan development project for which a Federal grant has been made, or a contract of assistance has been entered into, under the legislation referred to in paragraph (2) of section 208, prior to February 21, 1966, or more than one year prior to the date on which the Secretary has made the determinations required under this section with respect to the applicant and to

the area in which the project is located: *Provided, That in the case of a project for which a contract of assistance under the legislation referred to in paragraph (2) of section 208 has been entered into after June 30, 1967, no grant shall be made under this section unless an application for such grant has been made on or before the date of such contract.*

(f) *Nothing in this section shall authorize the Secretary to require (or condition the availability or amount of financial assistance authorized to be provided under this title upon) the adoption by any community of a program to achieve a racial balance or to eliminate racial imbalance within school districts within the metropolitanwide area.*

EXTENT OF GRANT

SEC. 206. (a) *A grant under section 205 shall not exceed (1) 20 per centum of the cost of the project for which the grant is made; nor (2) the Federal grant made with respect to the project under the legislation referred to in paragraph (2) of section 208. In no case shall the total Federal contributions to the cost of such project be more than 80 per centum. Notwithstanding any other provision of law, including requirements with respect to non-Federal contributions, grants under section 205 shall be eligible for inclusion (directly or through refunds or credits) as part of the financing for such projects: Provided, That projects or activities on the basis of which assistance is provided under section 105(c) shall not be eligible for assistance under section 205.*

(b) *There are authorized to be appropriated for grants under section 205 not to exceed \$25,000,000 for the fiscal year ending June 30, 1967, and not to exceed \$50,000,000 for the fiscal year ending June 30, 1968. Appropriations authorized under this section shall remain available until expended.*

CONSULTATION AND CERTIFICATION

SEC. 207. *In carrying out his authority under section 205, including the issuance of regulations, the Secretary shall consult with the Department of the Interior; the Department of Health, Education, and Welfare; the Department of Commerce; and the Federal Aviation Agency with respect to metropolitan development projects assisted by those departments and agencies; and he shall, for the purpose of section 206, accept their respective certifications as to the cost of those projects and the amount of the non-Federal contribution paid or to be paid to that cost.*

DEFINITIONS

SEC. 208. *As used in this title—*

(1) *"Metropolitan development" means all projects or programs for the acquisition, use, and development of open-space land; and the planning and construction of hospitals, libraries, airports, water supply and distribution facilities, sewerage facilities and waste treatment works, transportation facilities, highways, water development and land conservation, and other public works facilities.*

(2) *"Metropolitan development project" means a project assisted or to be assisted under section 702 of the Housing and Urban Development Act of 1965; title II of the Library Services and Construction Act; section 606 of the Public Health Service Act; section 8 of the Federal Water Pollution Control Act; section 120(a) of title 23, United States Code; section 12 of the Federal Airport Act; section 3 of the Urban Mass Transportation*

Act of 1964; title VII of the Housing Act of 1961; or section 5(e) of the Land and Water Conservation Fund Act of 1965; or under section 101 (a)(1) of the Public Works and Economic Development Act of 1965 (for a project of a type which the Secretary determines to be eligible for assistance under any of the other provisions listed above).

(3) "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or an agency or instrumentality of any of the foregoing.

(4) "Metropolitan area" means a standard metropolitan statistical area as established by the Bureau of the Budget, subject however to such modifications and extensions as the Secretary may determine to be appropriate for the purposes of this title.

(5) "Comprehensive planning" includes the following, to the extent directly related to area needs or needs of a unit of general local government: (A) preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities, including transportation facilities; (B) programing of capital improvements based on a determination of relative urgency; (C) long-range fiscal plans for implementing such plans and programs; and (D) proposed regulatory and administrative measures which aid in achieving coordination of all related plans of the departments or subdivisions of the governments concerned and intergovernmental coordination of related planned activities among the State and local governmental agencies concerned.

(6) "Hospital" means any public health center or general, tuberculosis, mental, chronic disease, or other type of hospital and related facilities, such as laboratories, outpatient departments, nurses' home and training facilities, and central service facilities normally operated in connection with hospitals, but does not include any hospital furnishing primarily domiciliary care.

(7) "Areawide agency" means an official State or metropolitan or regional agency empowered under State or local laws or under an interstate compact or agreement to perform comprehensive planning in an area; an organization of the type referred to in section 701(g) of the Housing Act of 1954; or such other agency or instrumentality as may be designated by the Governor (or, in the case of metropolitan areas crossing State lines, any one or more of such agencies or instrumentalities as may be designated by the Governor of the States involved) to perform such planning.

(8) "Special purpose unit of local government" means any special district, public-purpose corporation, or other limited-purpose political subdivision of a State, but shall not include a school district.

(9) "Unit of general local government" means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

(10) "Secretary" means the Secretary of Housing and Urban Development.

STATE LIMIT

SEC. 209. Grants made under section 205 for projects in any one State shall not exceed in the aggregate 15 per centum of the aggregate amount of funds authorized to be appropriated pursuant to section 206(b).

TITLE III—FHA INSURANCE OPERATIONS

FHA MORTGAGE FINANCING FOR VETERANS

SEC. 301. The next to last sentence of section 203(b)(2) of the National Housing Act is amended by striking out "If the mortgagor is a veteran who has not received any direct, guaranteed, or insured loan under laws administered by the Veterans' Administration for the purchase, construction, or repair of a dwelling (including a farm dwelling) which was to be owned and occupied by him as his home," and inserting in lieu thereof the following: "If the mortgagor is a veteran,".

AREAS AFFECTED BY CIVIL DISORDERS

SEC. 302. Section 203 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(l) The Secretary is authorized to insure under this section any mortgage meeting the requirements of this section, other than the requirement in subsection (c) relating to economic soundness, if he determines that (1) the dwelling covered by the mortgage is situated in an area in which rioting or other civil disorders have occurred or are threatened, (2) as a result of such actual or threatened rioting or other disorders the property with respect to which the mortgage is executed cannot meet the normal requirements with respect to economic soundness, and (3) such property is an acceptable risk giving due consideration to the need for providing adequate housing for families of low and moderate income in such area."

COOPERATIVE HOUSING INSURANCE FUND

SEC. 303. (a) Section 213(m) of the National Housing Act is amended by striking out ", but only in cases where the consent of the mortgagee or lender to the transfer is obtained or a request by the mortgagee or lender for the transfer is received by the Commissioner within such period of time after the date of the enactment of this subsection as the Commissioner shall prescribe".

(b) Section 213(n) of such Act is amended—

(1) by striking out "insured under this section and sections 207, 231, and 232" and inserting in lieu thereof "the insurance of which is the obligation of either the Management Fund or the General Insurance Fund"; and

(2) by adding at the end thereof the following new sentence: "Premium charges on the insurance of mortgages or loans transferred to the Management Fund or insured pursuant to commitments transferred to the Management Fund may be payable in debentures which are the obligation of either the Management Fund or the General Insurance Fund."

(c)(1) The fourth sentence of section 213(k) of such Act is amended to read as follows: "The Secretary is directed to transfer to the Management Fund from the General Insurance Fund an amount equal to the total of the premium payments theretofore made with respect to the insurance of mortgages and loans transferred to the Management Fund pursuant to subsection (m) minus the total of any administrative expenses theretofore incurred in connection with such mortgages and loans, plus such other amounts as the Secretary determines to be necessary and appropriate."

(2) The second proviso in section 213(l) of such Act is amended by striking out "pursuant to subsection (k) or (o)" and inserting in lieu thereof "pursuant to subsection (o)".

SUPPLEMENTARY FINANCING FOR COOPERATIVE HOUSING

SEC. 304. Section 213(j)(2)(A) of the National Housing Act is amended by adding at the end thereof the following: "except that, in the case of improvements or additional community facilities, the outstanding indebtedness may be increased by an amount equal to 97 per centum of the amount which the Secretary estimates will be the value of such improvements or facilities, and the new outstanding indebtedness may exceed the original principal obligation of the mortgage if such new outstanding indebtedness does not exceed the limitations imposed by subsection (b);".

MORTGAGE LIMITS UNDER SECTION 220 SALES HOUSING MORTGAGE INSURANCE PROGRAM

SEC. 305. (a) Section 220(d)(3)(A)(i) of the National Housing Act is amended by striking out "(3) 75 per centum of such replacement cost in excess of \$20,000" and inserting in lieu thereof "(3) 80 per centum of such replacement cost in excess of \$20,000".

(b) Section 220(d)(3)(A)(i) of such Act is further amended by adding before the semicolon at the end thereof the following: "Provided further, That if the mortgagor is a veteran and the mortgage to be insured under this section covers property upon which there is located a dwelling designed principally for a one-family residence, the principal obligation may be in an amount equal to the sum of (1) 100 per centum of \$15,000 of the Commissioner's estimate of replacement cost of the property, as of the date the mortgage is accepted for insurance, (2) 90 per centum of such replacement cost in excess of \$15,000 but not in excess of \$20,000, and (3) 85 per centum of such replacement cost in excess of \$20,000. As used herein, the term 'veteran' means any person who served on active duty in the Armed Forces of the United States for a period of not less than ninety days (or is certified by the Secretary of Defense as having performed extra-hazardous service), and who was discharged or released therefrom under conditions other than dishonorable".

INCREASED MORTGAGE LIMITATIONS UNDER SECTION 220(d)(3)(B) FOR SMALL PROJECTS CONTAINING LARGER FAMILY DWELLING UNITS

SEC. 306. (a) Section 220(d)(3)(B)(iii) of the National Housing Act is amended by inserting after "; and except that" the following: "with respect to rehabilitation projects involving not more than five family units, the Secretary may by regulation increase by 25 per centum any of the foregoing dollar amount limitations contained in this clause which are applicable to units with two, three, or four or more bedrooms: Provided, That".

(b) Section 220(d)(3)(B)(iii) of such Act is further amended—

(1) by inserting immediately before "by not to exceed 45 per centum" the following: "(as determined after the application of the preceding proviso)"; and

(2) by striking out "Provided, That nothing" and inserting in lieu thereof "Provided further, That nothing".

MORTGAGE LIMITS FOR HOMES UNDER SECTION 221(d)(2)

SEC. 307. Section 221(d)(2)(A) of the National Housing Act is amended by striking out "\$11,000" and "\$18,000" and inserting in lieu thereof "\$12,500" and "\$20,000", respectively.

NONDWELLING FACILITIES IN SECTION 221 PROJECTS IN URBAN RENEWAL AREAS

SEC. 308. Section 221(f) of the National Housing Act is amended by inserting before the period at the end of the first sentence the following: "Provided, That in the case of any such property or project located in an urban renewal area, the provisions of section 220(d)(3)(B)(iv) shall apply with respect to the nondwelling facilities which may be included in the mortgage if the mortgagor waives the right to receive dividends on its equity investment in the portion thereof devoted to community and shopping facilities".

SINGLE OCCUPANTS IN SECTION 221(d)(3) HOUSING

SEC. 309. Section 221(f) of the National Housing Act is amended by adding at the end thereof the following new sentence: "Low- and moderate-income persons who are less than 62 years of age shall be eligible for occupancy of dwelling units in a project financed with a mortgage insured under subsection (d)(3), but not more than 10 per centum of the dwelling units in any such project shall be available for occupancy by such persons."

INSURANCE OF MORTGAGES UNDER SECTION 221 TO FINANCE PURCHASE AND REHABILITATION BY NONPROFIT ORGANIZATIONS OF HOUSING FOR RESALE TO LOW-INCOME PURCHASERS

SEC. 310. (a) Section 221 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(h)(1) In addition to mortgages insured under the other provisions of this section, the Secretary is authorized, upon application by the mortgagee, to insure under this subsection as hereinafter provided any mortgage (including advances under such mortgage during rehabilitation) which is executed by a nonprofit organization to finance the purchase and rehabilitation of deteriorating or substandard housing for subsequent resale to low-income home purchasers and, upon such terms and conditions as the Secretary may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

"(2) To be eligible for insurance under paragraph (1) of this subsection, a mortgage shall—

"(A) be executed by a private nonprofit corporation or association approved for purposes of this subsection by the Secretary, for the purpose of financing the purchase of property (comprising one or more tracts or parcels, whether or not contiguous) upon which there is located deteriorating or substandard housing consisting of five or more single-family dwellings of detached, semi-detached, or row construction and of rehabilitating such dwellings with a view to subsequent resale as hereinafter provided;

"(B) be secured by the property which is to be purchased and rehabilitated with the proceeds thereof;

“(C) be in a principal amount not exceeding the appraised value of the property at the time of its purchase under the mortgage plus the estimated cost of the rehabilitation;

“(D) bear interest (exclusive of premium charges for insurance and service charge, if any) at the rate in effect under the proviso in subsection (d)(5) at the time of execution;

“(E) provide for complete amortization (subject to paragraph (5)(E)) by periodic payments within such term as the Secretary may prescribe; and

“(F) provide for the release of individual single-family dwellings from the lien of the mortgage upon the sale of the rehabilitated dwellings in accordance with paragraph (5).

“(3) No mortgage shall be insured under paragraph (1) unless the mortgagor shall have demonstrated to the satisfaction of the Secretary that (A) the property to be rehabilitated is located in a neighborhood which is sufficiently stable and contains sufficient public facilities and amenities to support long-term values, or (B) the rehabilitation to be carried out by the mortgagor plus its related activities and the activities of other owners of housing in the neighborhood, together with actions to be taken by public authorities, will be of such scope and quality as to give reasonable promise that a stable environment will be created in the neighborhood.

“(4) The aggregate principal balance of all mortgages insured under paragraph (1) and outstanding at any one time shall not exceed \$20,000,000.

“(5)(A) No mortgage shall be insured under paragraph (1) unless the mortgagor enters into an agreement (in form and substance satisfactory to the Secretary) that it will offer to sell the dwellings involved, upon completion of their rehabilitation, to individuals or families (hereinafter referred to as ‘low-income purchasers’) determined by the Secretary to have incomes below the maximum amount specified (with respect to the area involved) in section 101(c)(1) of the Housing and Urban Development Act of 1965.

“(B) The Secretary is authorized to insure under this paragraph mortgages executed to finance the sale of individual dwellings to low-income purchasers as provided in subparagraph (A). Any such mortgage shall—

“(i) be in a principal amount equal to that portion of the unpaid balance of the principal mortgage covering the property (insured under paragraph (1)) which is allocable to the individual dwelling involved; and

“(ii) bear interest at the same rate as the principal mortgage, and provide for complete amortization by periodic payments within a term equal to the remaining term (determined without regard to subparagraph (E)) of such principal mortgage.

“(C) The price for which any individual dwelling is sold to a low-income purchaser under this paragraph shall be the amount of the mortgage covering the sale as determined under subparagraph (B), except that the purchaser shall in addition thereto be required to pay on account of the property at the time of purchase such amount (which shall not be less than \$200, but which may be applied in whole or in part toward closing costs) as the Secretary may determine to be reasonable and appropriate in the circumstances.

“(D) Upon the sale under this paragraph of any individual dwelling, such dwelling shall be released from the lien of the principal mortgage, and such mortgage shall thereupon be replaced by an individual mortgage

insured under this paragraph to the extent of the portion of its unpaid balance which is allocable to the dwelling covered by such individual mortgage. Until all of the individual dwellings in the property covered by the principal mortgage have been sold, the mortgagor shall hold and operate the dwellings remaining unsold at any given time as though they constituted rental units in a project covered by a mortgage which is insured under subsection (d)(3) (and which receives the benefits of the interest rate provided for in the proviso in subsection (d)(5)).

“(E) Upon the sale under this paragraph of all of the individual dwellings in the property covered by the principal mortgage, and the release of all individual dwellings from the lien of the principal mortgage, the insurance of the principal mortgage shall be terminated and no adjusted premium charge shall be charged by the Secretary upon such termination.

“(F) Any mortgage insured under this paragraph shall contain a provision that if the low-income mortgagor does not continue to occupy the property the interest rate shall increase to the highest rate permissible under this section and the regulations of the Secretary effective at the time of commitment for insurance of the principal mortgage; except that the increase in interest rate shall not be applicable if the property is sold and the purchaser is (i) the nonprofit organization which executed the principal mortgage, (ii) a public housing agency having jurisdiction under the United States Housing Act of 1937 over the area where the dwelling is located, or (iii) a low-income purchaser approved for the purposes of this paragraph by the Secretary.”

(b)(1) Section 221(g)(1) of such Act is amended by inserting after “paragraph (2) of subsection (d) of this section” the following: “or paragraph (5) of subsection (h) of this section”.

(2) Section 221(g)(2) of such Act is amended by inserting after “paragraph (3) or (4) of subsection (d) of this section” the following: “or paragraph (1) of subsection (h) of this section”.

(c) Section 221(f) of such Act is amended by inserting after “Housing Act of 1961,” in the fourth sentence “or which meet the requirements of subsection (h),”.

(d) Section 305(h) of such Act is amended by striking out “section 221(d)(3)” and inserting in lieu thereof “sections 221(d)(3) and 221(h)”.

APPLICATION OF DAVIS-BACON ACT TO COOPERATIVE HOUSING PROJECTS INSURED UNDER SECTION 221 (d)(3) AND (d)(4) AND MORTGAGES INSURED UNDER SECTION 221(h)(1)

SEC. 311. The third sentence of section 212(a) of the National Housing Act is amended by striking out “subsection (d)(3) or (d)(4).” and inserting in lieu thereof “subsection (d)(3) or (d)(4) and (deeming the term ‘construction’ as used in the first sentence of this subsection to mean rehabilitation) of any mortgage described in subsection (h)(1) which covers property on which there is located a dwelling or dwellings designed principally for residential use for more than eight families; except that compliance with such provisions may be waived by the Secretary—

“(1) with respect to mortgages described in such subsection (d)(3) or (d)(4) in cases or classes of cases where laborers or mechanics (not otherwise employed at any time in the construction of the project) voluntarily donate their services without compensation for the purpose of lowering their housing costs in a cooperative housing project and

the Secretary determines that any amounts saved thereby are fully credited to the cooperative undertaking the construction, and

“(2) with respect to mortgages described in such subsection (h)(1), in cases or classes of cases where prospective owners of such dwellings voluntarily donate their services without compensation, or other persons (not otherwise employed at any time in the rehabilitation of the property) voluntarily donate their services without compensation, and the Secretary determines that any amounts saved thereby are fully credited to the nonprofit organization undertaking the rehabilitation.”

WAIVER OF DEDUCTION ON ASSIGNMENT OF PROPERTY TO SECRETARY IN LIEU OF FORECLOSURE

SEC. 312. Title V of the National Housing Act is amended by adding at the end thereof the following new section:

“WAIVER OF DEDUCTION ON ASSIGNMENT OF PROPERTY TO SECRETARY IN LIEU OF FORECLOSURE

“SEC. 523. Notwithstanding any other provision of this Act, from and after the date of the enactment of the Demonstration Cities and Metropolitan Development Act of 1966, the Secretary, under such terms and conditions as he may approve, may waive all or a part of the 1 per centum deduction otherwise made from insurance benefits with respect to multi-family housing or land development mortgages assigned to him, where the assignment is made at his request in lieu of foreclosure of the mortgage.”

TITLE IV—LAND DEVELOPMENT AND NEW COMMUNITIES

EXPERIMENTAL MORTGAGE INSURANCE PROGRAM FOR NEW COMMUNITIES

SEC. 401. (a) Title X of the National Housing Act is amended by inserting after section 1003 the following new section 1004 and redesignating the remaining sections accordingly:

“NEW COMMUNITIES

“SEC. 1004. (a) New communities consisting of developments, satisfying all other requirements under this title, may be approved under this section by the Secretary for mortgage insurance if they meet the requirements of subsection (b) of this section.

“(b) A development shall be eligible for approval as a new community if the Secretary determines it will, in view of its size and scope, make a substantial contribution to the sound and economic growth of the area within which it is located in the form of—

“(1) substantial economies, made possible through large-scale development, in the provision of improved residential sites;

“(2) adequate housing to be provided for those who would be employed in the community or the surrounding area;

“(3) maximum accessibility from the new residential sites to industrial or other employment centers and commercial, recreational, and cultural facilities in or near the community; and

“(4) maximum accessibility to any major central city in the area.

“(c) No development shall be approved as a new community by the Secretary under this section unless the construction of such development has been approved by the local governing body or bodies of the locality or localities in which it will be located and by the Governor of the State in which such locality or localities are situated: Provided, That if such locality or localities have been delegated general powers of local self-government by State law or State constitution, as determined by the Secretary, the approval of the Governor shall not be required.

“(d) The aggregate amount of mortgages insured under this title with respect to new communities approved under this section and outstanding at any one time shall not exceed \$250,000,000.”

(b) No mortgage shall be insured under title X of the National Housing Act with respect to a new community approved under section 1004 of such Act (as added by subsection (a) of this section) after October 1, 1972, except pursuant to a commitment to insure entered into before that date.

MORTGAGE AMOUNT AND TERM

SEC. 402. (a) Section 1002(c) of the National Housing Act is amended by striking out “\$10,000,000” and inserting in lieu thereof “\$25,000,000”.

(b) Section 1002(d)(1) of such Act is amended to read as follows:

“(1) contain repayment provisions satisfactory to the Secretary and have a maturity not to exceed seven years, or such longer maturity as the Secretary deems reasonable (A) in the case of a privately owned system for water or sewerage, and (B) in the case of a new community approved under section 1004;”.

ENCOURAGEMENT OF SMALL BUILDERS

SEC. 403. The section of the National Housing Act redesignated as section 1005 by section 401 of this Act is amended by inserting “particularly small builders,” after “broad participation by builders,”.

WATER AND SEWERAGE FACILITIES

SEC. 404. The section of the National Housing Act redesignated as section 1006 by section 401 of this Act is amended to read as follows:

“WATER AND SEWERAGE FACILITIES

“SEC. 1006. After development of the land it shall be served by public systems for water and sewerage which are consistent with other existing or prospective systems within the area, except that—

“(a) in the case of systems for water, the land may be served by privately or cooperatively owned systems which are consistent with other existing or prospective systems within the area; are approved as adequate by the Secretary; and are regulated or supervised by the State or political subdivision or an agency thereof, or (in the absence of such State or local regulation or supervision) are otherwise regulated in a manner acceptable to the Secretary, with respect to user rates and charges, capital structure, methods of operation, rate of return, and conditions and terms of any sale or transfer; and

“(b) in the case of systems for sewerage, the land may be served by—

“(1) existing privately or cooperatively owned systems (including reasonable extensions thereto) which are approved as

adequate by the Secretary, and which are regulated or supervised by the State or political subdivision or an agency thereof, or (in the absence of such State or local regulation or supervision) are otherwise regulated in a manner acceptable to the Secretary; or

"(2) if it is necessary to develop a new system and the Secretary determines that public ownership of such a system is not feasible, an adequate privately or cooperatively owned new system (A) which he finds consistent with other existing or prospective systems within the area, (B) which during the period of such ownership will be regulated or supervised by the State or political subdivision or an agency thereof, or (in the absence of such State or local regulation or supervision) will be otherwise regulated in a manner acceptable to the Secretary, with respect to user rates and charges, capital structure, methods of operation, and rate of return, and (C) regarding which he receives assurances, satisfactory to him, with respect to eventual public ownership and operation of the system and with respect to the conditions and terms of any sale or transfer."

FEDERAL NATIONAL MORTGAGE ASSOCIATION SPECIAL ASSISTANCE FOR NEW COMMUNITIES

SEC. 405. Section 302(b) of the National Housing Act is amended by inserting after "or title VIII," in the proviso the following: "or under title X with respect to a new community approved under section 1004 thereof,".

URBAN PLANNING GRANTS

SEC. 406. Section 701(a)(4) of the Housing Act of 1954 is amended by inserting before the semicolon at the end thereof the following: ", or for areas where rapid urbanization is expected to result on land developed or to be developed as a new community approved under section 1004 of the National Housing Act".

PUBLIC FACILITY LOANS

SEC. 407. Section 202(b)(4) of the Housing Amendments of 1955 is amended by adding before the period at the end of the second sentence the following: ", or (iii) to be provided in connection with the establishment of a new community approved under section 1004 of the National Housing Act".

TITLE V—MORTGAGE INSURANCE FOR GROUP PRACTICE FACILITIES

PURPOSE

SEC. 501. It is the purpose of this title to assure the availability of credit on reasonable terms to units or organizations engaged in the group practice of medicine, optometry, or dentistry, particularly those in smaller communities and those sponsored by cooperative or other nonprofit organizations, to assist in financing the construction and equipment of group practice facilities.

ESTABLISHMENT OF PROGRAM

SEC. 502. (a) The National Housing Act is amended by adding at the end thereof the following new title:

"TITLE XI—MORTGAGE INSURANCE FOR GROUP PRACTICE FACILITIES

"INSURANCE OF MORTGAGES

"SEC. 1101. (a) *The Secretary is authorized (1) to insure mortgages (including advances on such mortgages during construction), upon such terms and conditions as he may prescribe, in accordance with the provisions of this title, and (2) to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon. No mortgage shall be insured under this title after October 1, 1969, except pursuant to a commitment to insure issued before that date.*

"(b) *To be eligible for insurance under this title, the mortgage shall (1) be executed by a mortgagor that is a group practice unit or organization, approved by the Secretary, (2) be made to and held by a mortgagee approved by the Secretary as responsible and able to service the mortgage properly, and (3) cover a property or project which is approved for mortgage insurance prior to the beginning of construction or rehabilitation and is designed for use as a group practice facility which the Secretary finds will be constructed in an economical manner, will not be of elaborate or extravagant design or materials, and will be adequate and suitable for carrying out the purposes of this title. No mortgage shall be insured under this title unless it is shown to the satisfaction of the Secretary that the applicant would be unable to obtain the mortgage loan without such insurance on terms comparable to those specified in subsection (c).*

"(c) *The mortgage shall—*

"(1) *not exceed \$5,000,000;*

"(2) *not exceed 90 per centum of the amount which the Secretary estimates will be the value of the property or project when construction or rehabilitation is completed. The value of the property may include the land and the proposed physical improvements, equipment, utilities within the boundaries of the property, architects' fees, taxes, and interest accruing during construction or rehabilitation, and other miscellaneous charges incident to construction or rehabilitation and approved by the Secretary;*

"(3) *have a maturity satisfactory to the Secretary but not to exceed twenty-five years, and provide for complete amortization of the principal obligation by periodic payments within such term as the Secretary shall prescribe; and*

"(4) *bear interest (exclusive of premium charges for insurance, and service charges if any) at a rate of not to exceed 5 per centum per annum of the amount of the principal obligation outstanding at any time, or not to exceed such rate (not in excess of 6 per centum per annum) as the Secretary finds necessary to meet the mortgage market.*

"(d) *Any contract of insurance executed by the Secretary under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract for insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.*

"(e) *Each mortgage insured under this title shall contain an undertaking (in accordance with regulations prescribed under this title and in force at the time the mortgage is approved for insurance) to the effect that, except as authorized by the Secretary and the mortgagee, the prop-*

erty will be used as a group practice facility until the mortgage has been paid in full or the contract of insurance otherwise terminated.

"(f) No mortgage shall be insured under this title unless the mortgagor and the mortgagee certify (1) that they will keep such records relating to the mortgage transaction and indebtedness, to the construction of the facility covered by the mortgage, and to the use of such facility as a group practice facility as are prescribed by the Secretary at the time of such certification, (2) that they will make such reports as may from time to time be required by the Secretary pertaining to such matters, and (3) that the Secretary shall have access to and the right to examine and audit such records.

"PREMIUMS

"SEC. 1102. The Secretary shall fix premium charges for the insurance of mortgages under this title, but such charges shall not be more than 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. In addition to the premium charge, the Secretary is authorized to charge and collect such amounts as he may deem reasonable for the analysis of a proposed project and the appraisal and inspection of the property and improvements. Where the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the Secretary is authorized to require the payment by the mortgagee of an adjusted premium charge. This charge shall be in such amount as the Secretary determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured until the maturity date. Where such prepayment occurs, the Secretary is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid. Premium charges fixed under this section shall be payable by the mortgagee either in cash, or in debentures which are the obligation of the General Insurance Fund at par plus accrued interest, at such times and in such manner as may be prescribed by the Secretary.

"PAYMENT OF INSURANCE BENEFITS

"SEC. 1103. The mortgagee shall be entitled to receive the benefits of the insurance under this title in the manner provided in subsection (g) of section 207 with respect to mortgages insured under that section. For such purpose the provisions of subsections (g), (h), (i), (j), (k), (l), and (n) of section 207 shall apply to mortgages insured under this title and all references in such subsections to section 207 shall be deemed to refer to this title.

"REGULATIONS

"SEC. 1104. The Secretary shall prescribe such regulations as may be necessary to carry out this title, after consulting with the Secretary of Health, Education, and Welfare with respect to any health or medical aspects of the program under this title which may be involved in such regulations.

"ADMINISTRATION

"SEC. 1105. (a) At the request of individuals or organizations operating or contemplating the operation of group practice facilities (as defined

in section 1106(1)), the Secretary may provide or obtain technical assistance in the planning for and construction of such facilities.

"(b) With a view to avoiding unnecessary duplication of existing staffs and facilities of the Federal Government, the Secretary is authorized to utilize available services and facilities of any agency of the Federal Government in carrying out the provisions of this title, and to pay for such services and facilities, either in advance or by way of reimbursement, in accordance with an agreement between the Secretary and the head of such agency.

"DEFINITIONS

"SEC. 1106. For the purposes of this title—

"(1) The term 'group practice facility' means a facility in a State for the provision of preventive, diagnostic, and treatment services to ambulatory patients (in which patient care is under the professional supervision of persons licensed to practice medicine in the State or, in the case of optometric care or treatment, is under the professional supervision of persons licensed to practice optometry in the State, or, in the case of dental diagnosis or treatment, is under the professional supervision of persons licensed to practice dentistry in the State) and which is primarily for the provision of such health services by a medical or dental group.

"(2) The term 'medical or dental group' means a partnership or other association or group of persons licensed to practice medicine or surgery in the State, or of persons licensed to practice optometry in the State, or of persons licensed to practice dentistry in the State, or of any combination of such persons, who, as their principal professional activity and as a group responsibility, engage or undertake to engage in the coordinated practice of their profession primarily in one or more group practice facilities, and who (in this connection) share common overhead expenses (if and to the extent such expenses are paid by members of the group), medical and other records, and substantial portions of the equipment and the professional, technical, and administrative staffs, and which partnership or association or group is composed of at least such professional personnel and make available at least such health services as may be provided in regulations prescribed under this title.

"(3) The term 'group practice unit or organization' means—

"(A) a private nonprofit agency or organization undertaking to provide, directly or through arrangements with a medical or dental group, comprehensive medical care, optometric care, or dental care, or any combination thereof, which may include hospitalization, to members or subscribers primarily on a group practice prepayments basis; or

"(B) a private nonprofit agency or organization established for the purpose of improving the availability of medical, optometric, or dental care in the community or having some function or functions related to the provision of such care, which will, through lease or other arrangement, make the group practice facility with respect to which assistance has been requested under this title available to a medical or dental group for use by it.

"(4) The term 'nonprofit organization' means a corporation, association, foundation, trust, or other organization no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual except, in the case of an organization the purposes of which include the provision of personal health services to its members or subscribers or their dependents under a plan of such organi-

zation for the provision of such services to them (which plan may include the provision of other services or insurance benefits to them), through the provision of such health services (or such other services or insurance benefits) to such members or subscribers or dependents under such plan.

"(5) The term 'State' includes the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the District of Columbia.

"(6) The term 'mortgage' means a first mortgage on real estate in fee simple, or on the interest of either the lessor or lessee thereof (A) under a lease for not less than ninety-nine years which is renewable, or (B) under a lease having a period of not less than fifty years to run from the date the mortgage was executed. The term 'first mortgage' means such classes of first liens as are commonly given to secure advances (including but not limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and any mortgage may be in the form of one or more trust mortgages or mortgage indentures or deeds of trust, securing notes, bonds, or other credit instruments, and, by the same instrument or by a separate instrument, may create a security interest in initial equipment, whether or not attached to the realty.

"(7) The term 'mortgagee' means the original lender under a mortgage, and his or its successors and assigns, and includes the holders of credit instruments issued under a trust mortgage or deed of trust pursuant to which such holders act by and through a trustee named therein.

"(8) The term 'mortgagor' means the original borrower under a mortgage and his or its successors and assigns."

(b) The first sentence of section 227 of such Act is amended by inserting after "new or rehabilitated multifamily housing" the following: "or a property or project described in title XI".

LABOR STANDARDS

SEC. 503. Section 212(a) of the National Housing Act is amended by adding at the end thereof the following new sentence: "The provisions of this section shall also apply to the insurance of any mortgage under title XI; and each laborer or mechanic employed on any facility covered by a mortgage insured under such title shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be."

AMENDMENTS TO OTHER FEDERAL LAWS

SEC. 504. (a)(1) The sixth sentence of paragraph "Seventh" of section 5136 of the Revised Statutes, as amended (12 U.S.C. 24), is amended by inserting after "Federal Home Loan Banks," the following: "or obligations which are insured by the Secretary of Housing and Urban Development under title XI of the National Housing Act".

(2) The third sentence of the first paragraph of section 24 of the Federal Reserve Act, as amended (12 U.S.C. 371), is amended by inserting after "or sections 1471-1484 of title 42," the following: "or which are insured by the Secretary of Housing and Urban Development pursuant to title XI of the National Housing Act,".

(b) Subsection (a) of section 304 of the Trust Indenture Act of 1939 (15 U.S.C. 77ddd) is amended by striking out the word "or" at the end

of paragraph (8); by striking out the period at the end of paragraph (9) and inserting in lieu thereof a semicolon and the word "or"; and by adding after paragraph (9) a new paragraph as follows:

"(10) any security issued under a mortgage or trust deed indenture as to which a contract of insurance under title XI of the National Housing Act is in effect; and any such security shall be deemed to be exempt from the provisions of the Securities Act of 1933 to the same extent as though such security were specifically enumerated in section 3(a)(2), as amended, of the Securities Act of 1933 (15 U.S.C. 77c(a)(2))."

(c) Section 263 of chapter X of the Bankruptcy Act (11 U.S.C. 663) is amended by adding at the end thereof the following: "Nothing contained in this chapter shall be deemed to affect or apply to the creditors of any corporation under a mortgage insured pursuant to title XI of the National Housing Act."

TITLE VI—PRESERVATION OF HISTORIC STRUCTURES

PRESERVATION OF HISTORIC STRUCTURES AS PART OF URBAN RENEWAL PROJECTS

SEC. 601. (a) Section 110(b) of the Housing Act of 1949 is amended by inserting "historic and architectural preservation," after "land acquisition,".

(b) Section 110(c)(6) of such Act is amended by inserting "to promote historic and architectural preservation," after "deterioration,".

(c) Section 110(c) of such Act is further amended by striking out "and" at the end of clause (8), and by striking out clause (9) and inserting in lieu thereof the following:

"(9) relocation within or outside the project area of structures which will be restored and maintained for architectural or historic purposes; and

"(10) restoration of acquired properties of historic or architectural value."

LOCAL GRANT-IN-AID CREDIT FOR RELOCATION AND RESTORATION OF HISTORIC STRUCTURES

SEC. 602. Clause (2) of section 110(d) of the Housing Act of 1949 is amended by striking out "clause (2) and clause (3)" and inserting in lieu thereof "clauses (2), (3), (9), and (10)".

GRANTS TO NATIONAL TRUST FOR HISTORIC PRESERVATION TO COVER RESTORATION COSTS

SEC. 603. (a) The Secretary of Housing and Urban Development is authorized to make grants to the National Trust for Historic Preservation, on such terms and conditions and in such amounts (not exceeding \$90,000 with respect to any one structure) as he deems appropriate, to cover the costs incurred by such Trust in renovating or restoring structures which it considers to be of historic or architectural value and which it has accepted and will maintain (after such renovation or restoration) for historic purposes.

(b) There are authorized to be appropriated such sums as may be necessary for the grants to be made under subsection (a).

URBAN PLANNING GRANTS FOR SURVEYS OF HISTORIC STRUCTURES

SEC. 604. Section 701 of the Housing Act of 1954 is amended by adding at the end thereof the following new subsection:

"(h) In addition to the other grants authorized by this section the Secretary is authorized to make grants to assist any city, other municipality, or county in making a survey of the structures and sites in such locality which are determined by its appropriate authorities to be of historic or architectural value. Any such survey shall be designed to identify the historic structures and sites in the locality, determine the cost of their rehabilitation or restoration, and provide such other information as may be necessary or appropriate to serve as a foundation for a balanced and effective program of historic preservation in such locality. The aspects of any such survey which relate to the identification of historic and architectural values shall be conducted in accordance with criteria found by the Secretary to be comparable to those used in establishing the National Register maintained by the Secretary of the Interior under other provisions of law; and the results of each such survey shall be made available to the Secretary of the Interior. A grant under this subsection shall not exceed two-thirds of the cost of the survey for which it is made, and shall be made to the appropriate agency or entity specified in paragraphs (1) through (9) of subsection (a) or, if there is no such agency or entity which is qualified and willing to receive the grant and provide for its utilization in accordance with this subsection, directly to the city, other municipality, or county involved."

GRANTS FOR HISTORIC PRESERVATION

SEC. 605. (a) The heading of title VII of the Housing Act of 1961 is amended to read as follows:

"TITLE VII—OPEN-SPACE LAND, URBAN BEAUTIFICATION, AND HISTORIC PRESERVATION"

(b) Section 701 of such Act is amended by redesignating subsection (c) as subsection (d), and by inserting after subsection (b) a new subsection as follows:

"(c) The Congress further finds that there is a need for timely action to preserve and restore areas, sites, and structures of historic or architectural value in order that these remaining evidences of our past history and heritage shall not be lost or destroyed through the expansion and development of the Nation's urban areas."

(c) Section 701(d) of such Act (as redesignated by subsection (b) of this section) is amended—

(1) by inserting after "urban development," the following: "to assist in preserving areas and properties of historic or architectural value,"; and

(2) by striking out "and (2)" and inserting in lieu thereof "(2) acquire, improve, and restore areas, sites, and structures of historic or architectural value, and (3)".

(d) Section 702(e) of such Act is amended to read as follows:

"(e) The Secretary shall consult with the Secretary of the Interior on the general policies to be followed in reviewing applications for grants under this title. To assist the Secretary in such review, the Secretary of the Interior shall furnish him (1) appropriate information on the status

of national and statewide recreation and historic preservation planning as it affects the areas to be assisted with such grants, and (2) the current listing of any districts, sites, buildings, structures, and objects significant in American history, architecture, archeology, and culture which may be contained on a National Register maintained by the Secretary of the Interior pursuant to other provisions of law. The Secretary shall provide current information to the Secretary of the Interior from time to time on significant program developments."

(e) Section 706 of such Act is amended by striking out the proviso.

(f) Section 708 of such Act is amended by inserting "(a)" after "SEC. 708.", by inserting "(b)" before "The" in the second paragraph, and by adding at the end thereof a new subsection as follows:

"(c) Notwithstanding any other provision of this title, the Secretary may use not to exceed \$10,000,000 of the sum authorized for contracts under this title for the purpose of entering into contracts to make grants in amounts not to exceed 90 per centum of the cost of activities which he determines have special value in developing and demonstrating new and improved methods and materials for use in carrying out the purposes of this title."

(g) Title VII of such Act is amended by redesignating section 709 as section 710, and by adding after section 708 a new section as follows:

"GRANTS FOR HISTORIC PRESERVATION

"SEC. 709. The Secretary is authorized to enter into contracts to make grants to States and local public bodies to assist in the acquisition of title to or other permanent interests in areas, sites, and structures of historic or architectural value in urban areas, and in their restoration and improvement for public use and benefit, in accord with the comprehensively planned development of the locality. The amount of any such grant shall not exceed 50 per centum of the total cost, as approved by the Secretary, of the assisted activities. The remainder of such cost shall be provided from non-Federal sources."

(h) Commencing three years after the date of the enactment of this Act, no grant shall be made (except pursuant to a contract or commitment entered into less than three years after such date) under section 709 of the Housing Act of 1961 or section 701(h) of the Housing Act of 1954, or under section 103 of the Housing Act of 1949 to the extent that it is to be used for historic or architectural preservation, except with respect to districts, sites, building, structures, and objects which the Secretary of Housing and Urban Development finds meet criteria comparable to those used in establishing the National Register maintained by the Secretary of the Interior pursuant to other provisions of law.

TITLE VII—URBAN RENEWAL

LOCAL GRANTS-IN-AID

SEC. 701. Section 110(d) of the Housing Act of 1949 is amended by inserting immediately after the colon at the end of the first proviso the following: "Provided further, That any publicly owned facility, the construction of which was begun not earlier than three years prior to the date of enactment of the Demonstration Cities and Metropolitan Development Act of 1966, shall be deemed to benefit an urban renewal project or projects to the extent of 25 per centum of the total benefits of such facility,

or \$3,500,000, whichever is less, if such facility (A) (i) is used, or is to be used, by the public predominantly for cultural, exhibition, or civic purposes, or is a city hall or a public safety building, or (ii) is a facility, constructed or rehabilitated by a public university, which is or will be devoted to the treatment of physical or mental disabilities and illness or to medical research; (B) is located within, adjacent to, or in the immediate vicinity of such urban renewal project or projects; (C) is found to contribute materially to the objectives of the urban renewal plan or plans for such project or projects; and (D) is not otherwise eligible as a local grant-in-aid."

AIR RIGHTS SITES IN URBAN RENEWAL PROJECTS

SEC. 702. (a) Section 110(c)(1) of the Housing Act of 1949 is amended by inserting in clause (iv), between the word "income" and the colon immediately preceding the first proviso, the following: "or, if the area is found by the local public agency to be unsuitable for use for low or moderate income housing, for use for industrial development".

(b) Section 100(c)(7) of such Act is amended by inserting immediately before the semicolon the following: "or construction of foundations and platforms necessary for the provision of air rights sites for industrial development".

ADDITIONAL REQUIREMENTS FOR REDEVELOPMENT OF URBAN RENEWAL AREA

SEC. 703. (a) Section 105 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

"(f) The redevelopment of the urban renewal area, unless such redevelopment is for predominantly nonresidential uses, will provide a substantial number of units of standard housing of low and moderate cost and result in marked progress in serving the poor and disadvantaged people living in slum and blighted areas."

(b) The amendment made by subsection (a) shall apply only in the case of contracts for loans or capital grants which are made with respect to urban renewal projects undertaken pursuant to urban renewal plans approved after the date of the enactment of this Act.

THREE-FOURTHS GRANTS FOR PROJECTS IN CERTAIN REDEVELOPMENT AREAS

SEC. 704. Section 103(a)(2)(B) of the Housing Act of 1949 is amended by inserting after "to avoid hardship," the following: "or at any time after such contract or contracts are entered into and prior to the time the final grant payment has been made pursuant thereto,".

EXPENDITURES BY EDUCATIONAL INSTITUTIONS AND HOSPITALS

SEC. 705. Section 112(a) of the Housing Act of 1949 is amended by inserting before the period at the end thereof the following: "Provided further, That no such expenditure shall be deemed ineligible as a local grant-in-aid in connection with an urban renewal project, to the extent that the expenditure is otherwise eligible, if the facilities, land, buildings, or structures with respect to which the expenditure is made are located within one mile of the project".

REQUIREMENT OF SEPARATE SEWER SYSTEMS IN REDEVELOPMENT OF
URBAN RENEWAL AREA

SEC. 706. Section 105 of the Housing Act of 1949 is amended by adding at the end thereof (after the new subsection added by section 703 of this Act) the following new subsection:

“(g) Consideration has been given to development of a sewer system to serve the urban renewal area which will, to the maximum extent feasible, provide for effective control of storm and sanitary wastes.”

TITLE VIII—RURAL HOUSING

SEC. 801. Section 501(a) of the Housing Act of 1949 is amended by striking out “previously occupied” wherever it appears.

SEC. 802. Section 502(a) of the Housing Act of 1949 is amended by striking out “In cases of applicants who are elderly persons, the” and inserting in lieu thereof “The”.

SEC. 803. Section 504 of the Housing Act of 1949 is amended by striking out “\$1,000” and inserting in lieu thereof “\$1,500”.

SEC. 804. (a) Section 515(a) of the Housing Act of 1949 is amended by inserting after “income” the following: “or other persons and families of low income”.

(b) Section 515(d)(1) of such Act is amended by striking out “elderly persons or elderly families” and inserting in lieu thereof “occupants eligible under this section”.

SEC. 805. (a) Subsections (a) and (b) of section 515 of the Housing Act of 1949 are each amended by striking out “rental housing” and inserting in lieu thereof “rental or cooperative housing”.

(b) Section 515(b) of such Act is amended by inserting after “families” the following: “or other persons and families of moderate income”.

(c) Section 515(d)(4) of such Act is amended by adding at the end thereof the following: “Such fees and charges may include payments to qualified consulting organizations or foundations which operate on a nonprofit basis and which render services or assistance to nonprofit corporations or consumer cooperatives who provide housing and related facilities.”

SEC. 806. Section 517(a)(1) of the Housing Act of 1949 is amended—

(1) by inserting “and” before “(B)”;

(2) by striking out “, and (C)” and all that follows and inserting in lieu thereof the following: “; but no loan under this paragraph shall be insured or made after October 1, 1996, except pursuant to a commitment entered into before that date; and”.

SEC. 807. (a) Section 501(a) of the Housing Act of 1949 is amended by inserting before the period at the end thereof the following: “, and (4) to an owner described in clause (1), (2), or (3) for refinancing indebtedness which—

“(A) was incurred for an eligible purpose described in such clause,

“(B) if not refinanced, is likely to result at an early date in loss of the applicant’s necessary dwelling or essential farm service buildings,

“(C) is not held or insured by the United States or any agency thereof, and

“(D) was incurred prior to the enactment of this clause.”

(b) Section 501(c) of such Act is amended by inserting before the semicolon at the end of clause (1) the following: “, or that he is the owner of a

farm or other real estate in a rural area who needs refinancing of indebtedness described in clause (4) of subsection (a)''.

TITLE IX—URBAN INFORMATION AND TECHNICAL ASSISTANCE SERVICES

PURPOSE

SEC. 901. It is the purpose of this title to assist States to make available information and data on urban needs and assistance programs and activities, and to provide technical assistance, to small communities with respect to the solution of urban problems.

GRANT AUTHORITY

SEC. 902. (a) The Secretary is authorized to make grants to States to help finance programs to provide information and data on urban needs and assistance programs and activities, and to provide technical assistance, to small communities with respect to the solution of local problems. Activities aided by such grants may include—

(1) the assembly, correlation, and dissemination of urban physical, social, and economic development information and data for the purpose of informing local governments of small communities, and interested organizations and individuals, of the availability and status of Federal, State, and local programs and other resources and data for the solution of urban problems; and

(2) providing technical assistance with respect to the solution of urban problems to any small community requesting such assistance.

(b) A program assisted under this section shall—

(1) specify the information and technical assistance activities to be carried on and justify the needs for the costs of such activities; and

(2) represent substantially increased or improved activities on the part of the applicant State agency.

AMOUNT OF GRANT

SEC. 903. (a) A grant under this section shall not exceed 50 per centum of the cost of the activities carried on under an approved urban information and technical assistance program.

(b) No grant shall be made under this title to assist in assembling data, or providing information, to be used primarily in the day to day operations of State or local governing bodies and agencies.

COOPERATION AND COORDINATION

SEC. 904. (a) Federal departments and agencies shall cooperate with States in providing information to assist in carrying out the purpose of this title.

(b) In the administration of this title, the Secretary shall seek to ensure the greatest practicable coordination of urban information and technical assistance programs established under this title.

DEFINITIONS

SEC. 905. As used in this title—

(1) "State" means any State of the United States, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, or an agency or instrumentality designated by the chief executive of any of the foregoing, or a statewide agency or instrumentality of its political subdivisions designated by such chief executive.

(2) "Secretary" means the Secretary of Housing and Urban Development.

(3) "Small communities" means communities having populations of less than one hundred thousand according to the most recent decennial census.

APPROPRIATIONS

SEC. 906. There are authorized to be appropriated for the purpose of carrying out the provisions of this title not to exceed \$2,500,000 for the fiscal year ending June 30, 1967, and not to exceed \$5,000,000 for the fiscal year ending June 30, 1968. Appropriations authorized under this section shall remain available until expended.

TITLE X—MISCELLANEOUS

HOUSING FOR THE ELDERLY OR HANDICAPPED

SEC. 1001. Section 105(b) of the Housing and Urban Development Act of 1965 is amended—

(1) by inserting "(1)" after "(b)";

(2) by striking out "Effective with respect to loans made on or after the date of the enactment of this Act, section" and inserting in lieu thereof "Section"; and

(3) by adding at the end thereof a new paragraph as follows:

"(2) The interest rate provided by the amendment made in paragraph (1) shall be applicable (A) with respect to any loan made on or after August 10, 1965, and (B) with respect to any loan made prior to such date if construction of the housing or related facilities to be assisted by such loan was not commenced prior to such date, and not completed prior to the filing of an application for the benefits of such interest rate."

LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS—TERM OF LEASE

SEC. 1002. Section 23(d) of the United States Housing Act of 1937 is amended by striking out "thirty-six months" and inserting in lieu thereof "sixty months".

APPLICATION OF DAVIS-BACON ACT TO LOW-RENT HOUSING PROJECTS
CONSISTING OF PRIVATELY BUILT HOUSING

SEC. 1003. Section 16(2) of the United States Housing Act of 1937 is amended by inserting after "the development of the project involved" the following: "(including a project for the use of privately built housing in any case, other than under the authority of section 23 of this Act, where the public housing agency and the builder or sponsor enter into an agreement for such use before construction or rehabilitation is commenced), and that each such laborer or mechanic shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked

in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be."

ASSISTANCE FOR HOUSING IN ALASKA

SEC. 1004. (a) The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to make loans and grants to the State of Alaska, or any duly authorized agency or instrumentality thereof, in accordance with a statewide program prepared by such State, agency, or instrumentality, and approved by the Secretary, to assist in the provision of housing and related facilities for Alaska natives and other Alaska residents who are otherwise unable to finance such housing and related facilities upon terms and conditions which they can afford. The program shall (1) specify the minimum and maximum standards for such housing and related facilities (not to exceed an average of \$7,500 per dwelling unit); (2) to the extent feasible, encourage the proposed users of such housing and related facilities to utilize mutual and self-help in the construction thereof; and (3) provide experience, and encourage continued participation, in self-government and individual home ownership.

(b) Grants under this section shall not exceed 75 per centum of the aggregate cost of the housing and related facilities to be constructed under an approved program.

(c) There is authorized to be appropriated not to exceed \$10,000,000 to carry out the purposes of this section.

FEDERAL NATIONAL MORTGAGE ASSOCIATION PARTICIPATION IN FEDERAL HOUSING ADMINISTRATION-INSURED CONSTRUCTION FINANCING

SEC. 1005. Section 305 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(i) In any case where the Association makes a commitment to purchase under this section (1) a mortgage insured under section 213, (2) a mortgage insured under section 220, or (3) a mortgage insured under section 221(d)(3) and executed by a cooperative (including an investor-sponsor), a limited dividend corporation, a private non-profit corporation or association, or a mortgagor qualified under section 221(e), such commitment may provide for participation by the Association in the making of insured advances on the mortgage during construction. Such participation shall be limited to 95 per centum of the amount of each of the advances involved, and the mortgagee providing the balance of such amount shall perform all necessary servicing and processing of such advances until the final insurance endorsement of the mortgage. The Secretary of Housing and Urban Development shall approve the reasonableness of the fee to be paid a participating mortgagee, taking into account its services and the extent of its participation in the advances."

FEDERAL NATIONAL MORTGAGE ASSOCIATION SPECIAL ASSISTANCE FOR FINANCING LOW-COST HOMES

SEC. 1006. The Congress hereby finds that the sharp decline in new home construction over the past year threatens to undercut our present high level of prosperity and employment as such declines have in the past; that the substantial reduction which has taken place has had its greatest impact on families of modest income who are seeking to achieve the goal

of homeownership; that this decline in homebuilding is due primarily to the shortage of mortgage financing on terms which moderate income families can afford; and that our national policy objectives in the field of housing and community development are thereby being thwarted. The Congress therefore expresses its intent that the special assistance funds made available to the Federal National Mortgage Association for the financing of new low-cost homes by the Act of September 10, 1966 (Public Law 89-556), should be released immediately to halt the continuing decline in the construction of new homes for families of moderate income.

FEDERAL NATIONAL MORTGAGE ASSOCIATION STANDBY COMMITMENTS

SEC. 1007. Section 304(a)(1) of the National Housing Act is amended by striking out the last sentence.

PLANNING GRANTS FOR RESEARCH ON STATE STATUTES AFFECTING LOCAL GOVERNMENTS

SEC. 1008. Section 701(b) of the Housing Act of 1954 is amended by inserting before the period at the end thereof the following: “, and for grants to assist in the conduct of studies and research relating to needed revisions in State statutes which create, govern, or control local governments and local governmental operations”.

PUBLIC FACILITY LOANS

SEC. 1009. Section 202 of the Housing Amendments of 1955 is amended by adding at the end thereof a new subsection as follows:

“(f) The restrictions and limitations set forth in subsection (c) of this section shall not apply to assistance to municipalities, other political subdivisions and instrumentalities of one or more States, and Indian tribes, for specific projects for cultural centers, including but not limited to, museums, art centers and galleries, and theaters and other physical facilities for the performing arts, which would be of cultural, educational, and informational value to the communities and areas where the centers would be located.”

APPLYING ADVANCES IN TECHNOLOGY TO HOUSING AND URBAN DEVELOPMENT

SEC. 1010. (a) To encourage and assist the housing industry to continue to reduce the cost and improve the quality of housing by the application to home construction of advances in technology, and to encourage and assist the application of advances in technology to urban development activities, the Secretary of Housing and Urban Development (hereinafter referred to as the “Secretary”) is directed to—

(1) conduct research and studies to test and demonstrate new and improved techniques and methods of applying advances in technology to housing construction, rehabilitation, and maintenance, and to urban development activities; and

(2) encourage and promote the acceptance and application of new and improved techniques and methods of constructing, rehabilitating, and maintaining housing, and the application of advances in technology to urban development activities, by all segments of the housing industry, communities, industries engaged in urban development activities, and the general public.

(b) Research and studies conducted under this section shall be designed to test and demonstrate the applicability to housing construction, rehabilitation, and maintenance, and urban development activities, of advances in technology relating to (1) design concepts, (2) construction and rehabilitation methods, (3) manufacturing processes, (4) materials and products, and (5) building components.

(c) The Secretary is authorized to carry out the research and studies authorized by this section either directly or by contract with public or private bodies or agencies, or by working agreement with departments and agencies of the Federal Government, as he may determine to be desirable. Contracts may be made by the Secretary for research and studies authorized by this section for work to continue not more than two years from the date of any such contract.

(d) There are authorized to be appropriated to carry out the provisions of this section not to exceed \$5,000,000 for the fiscal year ending June 30, 1967, and not to exceed \$10,000,000 for the fiscal year ending June 30, 1968. All funds so appropriated shall remain available until expended.

(e) Nothing contained in this section shall limit any authority of the Secretary under title III of the Housing Act of 1948, section 602 of the Housing Act of 1956, or any other provision of law.

URBAN ENVIRONMENTAL STUDIES

SEC. 1011. (a) The Congress finds that, with the ever-increasing concentration of the Nation's population in urban centers, there has occurred a marked change in the environmental conditions under which most people live and work; that such change is characterized by the progressive substitution of a highly complex, man-contrived environment for an environment conditioned primarily by nature; that the beneficent or malignant influence of environment on all living creatures is well recognized; and that much more knowledge is urgently needed concerning the effect on human beings of highly urbanized surroundings. It is the purpose of this section to authorize a comprehensive program of research, studies, surveys, and analyses to improve understanding of the environmental conditions necessary for the well-being of an urban society, and for the intelligent planning and development of viable urban centers.

(b) In order to carry out the purpose of this section, the Secretary is authorized and directed to—

(1) conduct studies, surveys, research, and analyses with respect to the ecological factors involved in urban living;

(2) document and define urban environmental factors which need to be controlled or eliminated for the well-being of urban life;

(3) establish a system of collecting and receiving information and data on urban ecological research and evaluations which are in process or are being planned by public or private agencies, or individuals;

(4) evaluate and disseminate information pertaining to urban ecology to public and private agencies or organizations, or individuals, in the form of reports or otherwise;

(5) initiate and utilize urban ecological information in urban development projects initiated or assisted by the Department of Housing and Urban Development; and

(6) establish through interagency consultation the coordinated utilization of urban ecological information in projects undertaken or assisted by the Federal Government which affect the growth or development of urban areas.

(c)(1) *The Secretary is authorized to establish such advisory committees as he deems desirable for the purpose of rendering advice and submitting recommendations for carrying out the purpose of this section. Such advisory committees shall render such advice to the Secretary upon his request and may submit such recommendations to the Secretary at any time on their own initiative. The Secretary may designate employees of the Department of Housing and Urban Development to assist such committees.*

(2) *Members of such advisory committees shall receive not to exceed \$100 per day when engaged in the actual performance of their duties, in addition to reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties.*

(d) *The Secretary is authorized to carry out the studies, surveys, research, and analyses authorized by this section either directly or by contract with public or private bodies or agencies, or by working agreement with departments and agencies of the Federal Government, as he may determine to be desirable. Contracts may be made by the Secretary for work under this subsection to continue not more than two years from the date of any such contract.*

(e) *There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section. All funds so appropriated shall remain available until expended when so provided in appropriation Acts.*

MORTGAGE RELIEF FOR CERTAIN HOMEOWNERS

SEC. 1012. *That part of section 107 of the Housing and Urban Development Act of 1965 which precedes subsection (f) is amended to read as follows:*

"MORTGAGE RELIEF FOR CERTAIN HOMEOWNERS

"SEC. 107. (a) *For the purposes of this section—*

"(1) *The term 'mortgage' means a mortgage which (A) is insured under the National Housing Act, or (B) secures a home loan guaranteed or insured under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code.*

"(2) *The term 'Federal mortgage agency' means—*

"(A) *the Secretary of Housing and Urban Development when used in connection with mortgages insured under the National Housing Act, and*

"(B) *the Administrator of Veterans' Affairs when used in connection with mortgages securing home loans guaranteed or insured under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code.*

"(3) *The term 'distressed mortgagor' means an individual who—*

"(A) *was employed by the Federal Government at, or was assigned as a serviceman to, a military base or other Federal installation and whose employment or service at such base or installation was terminated subsequent to November 1, 1964, as the result of the closing (in whole or in part) of such base or installation; and*

"(B) *is the owner-occupant of a dwelling situated at or near such base or installation and upon which there is a mortgage securing a loan which is in default because of the inability of such individual to make payments due under such mortgage.*

"(b)(1) Any distressed mortgagor, for the purpose of avoiding foreclosure of his mortgage, may apply to the appropriate Federal mortgage agency for a determination that suspension of his obligation to make payments due under such mortgage during a temporary period is necessary in order to avoid such foreclosure.

"(2) Upon receipt of an application made under this subsection by a distressed mortgagor, the Federal mortgage agency shall issue to such mortgagor a certificate of moratorium if it determines, after consultation with the interested mortgagee, that such action is necessary to avoid foreclosure.

"(3) Prior to the issuance to any distressed mortgagor of a certificate of moratorium under paragraph (2), the Federal mortgage agency, the mortgagor, and the mortgagee shall enter into a binding agreement under which—

"(A) the mortgagor will be required to make payments to such agency, after the expiration of such certificate, in an aggregate amount equal to the amount paid by such agency on behalf of such mortgagor as provided in subsection (c), together with interest thereon at a rate not to exceed the rate provided in the mortgage; the manner and time in which such payments shall be made to be determined by the Federal mortgage agency having due regard for the purposes sought to be achieved by this section; and

"(B) the Federal mortgage agency will be subrogated to the rights of the mortgagee to the extent of payments made pursuant to such certificate, which rights, however, shall be subject to the prior right of the mortgagee to receive the full amount payable under the mortgage.

"(4) Any certificate of moratorium issued under this subsection shall expire on whichever of the following dates is the earliest—

"(A) two years from the date on which such certificate was issued;

"(B) thirty days after the date on which the mortgagor gives notice in writing to the Federal mortgage agency that he is able to resume his obligation to make payments due under his mortgage; or

"(C) thirty days after the date on which the Federal mortgage agency determines that the mortgagor to whom such certificate was issued has ceased to be a distressed mortgagor as defined in subsection (a)(3).

"(c)(1) Whenever a Federal mortgage agency issues a certificate of moratorium to any distressed mortgagor with respect to any mortgage, it shall transmit to the mortgagee a copy of such certificate, together with a notice stating that, while such certificate is in effect, such agency will assume the obligation of such mortgagor to make payments due under the mortgage.

"(2) Payments made by any Federal mortgage agency pursuant to a certificate of moratorium issued under this section with respect to the mortgage of any distressed mortgagor may include, in addition to the payments referred to in paragraph (1), an amount equal to the unpaid payments under such mortgage prior to the issuance of such certificate, plus a reasonable allowance for foreclosure costs actually paid by the mortgagee if a foreclosure action was dismissed as a result of the issuance of a moratorium certificate. Payments by the Federal mortgage agency may also include payments of taxes and insurance premiums on the mortgaged property as deemed necessary when these items are not provided for through payments to a tax and insurance account held by the interested mortgagee.

"(3) While any certificate of moratorium issued under this section is in effect with respect to the mortgage of any distressed mortgagor, no further payments due under the mortgage shall be required of such mortgagor, and no action (legal or otherwise) shall be taken or maintained by the mortgagee to enforce or collect such payments. Upon the expiration of such certificate, the mortgagor shall again be liable for the payment of all amounts due under the mortgage in accordance with its terms.

"(4) Each Federal mortgage agency shall give prompt notice in writing to the interested mortgagor and mortgagee of the expiration of any certificate of moratorium issued by it under this section.

"(d) The Federal mortgage agencies are authorized to issue such individual and joint regulations as may be necessary to carry out this section and to insure the uniform administration thereof.

"(e) There shall be in the Treasury (1) a fund which shall be available to the Secretary of Housing and Urban Development for the purpose of extending financial assistance in behalf of distressed mortgagors as provided in subsection (c) and for paying administrative expenses incurred in connection with such assistance, and (2) a fund which shall be available to the Administrator of Veterans' Affairs, for the same purpose, except administrative expenses. The capital of each such fund shall consist of such sums as may, from time to time, be appropriated thereto, and any sums so appropriated shall remain available until expended. Receipts arising from the programs of assistance under subsection (c) shall be credited to the fund from which such assistance was extended. Moneys in either of such funds not needed for current operations, as determined by the Secretary of Housing and Urban Development, or the Administrator of Veterans' Affairs, as the case may be, shall be invested in bonds or other obligations of the United States, or paid into the Treasury as miscellaneous receipts."

ACQUISITION OF CERTAIN PROPERTIES SITUATED AT OR NEAR MILITARY BASES WHICH HAVE BEEN ORDERED TO BE CLOSED

SEC. 1013. (a) Notwithstanding any other provision of law, the Secretary of Defense is authorized to acquire title to, hold, manage, and dispose of, or, in lieu thereof, to reimburse for certain losses upon private sale of, or foreclosure against, any property improved with a one- or two-family dwelling which is situated at or near a military base or installation which the Department of Defense has, subsequent to November 1, 1964, ordered to be closed in whole or in part, if he determines—

(1) that the owner of such property is, or has been, a Federal employee employed at or in connection with such base or installation (other than a temporary employee serving under a time limitation) or a serviceman assigned thereto;

(2) that the closing of such base or installation, in whole or in part, has required or will require the termination of such owner's employment or service at or in connection with such base or installation; and

(3) that as the result of the actual or pending closing of such base or installation, in whole or in part, there is no present market for the sale of such property upon reasonable terms and conditions.

(b) In order to be eligible for the benefits of this section such employees or military personnel must be or have been—

(1) assigned to or employed at or in connection with the installation or activity at the time of public announcement of the closure action,

(2) transferred from such installation or activity, or terminated as employees as a result of reduction-in-force, within six months prior to public announcement of the closure action, or

(3) transferred from the installation or activity on an overseas tour unaccompanied by dependents within fifteen months prior to public announcement of the closure action:

Provided, That, at the time of public announcement of the closure action, or at the time of transfer or termination as set forth above, such personnel or employees must—

(i) *have been the owner-occupant of the dwelling, or*

(ii) *have vacated the owned dwelling as a result of being ordered into on-post housing during a six-month period prior to the closure announcement:*

Provided further, That as a consequence of such closure such employees or personnel must—

(i) *be required to relocate because of military transfer or acceptance of employment beyond a normal commuting distance from the dwelling for which compensation is sought, or*

(ii) *be unemployed, not as a matter of personal choice, and able to demonstrate such financial hardship that they are unable to meet their mortgage payments and related expenses.*

(c) *Such persons as the Secretary of Defense may determine to be eligible under the criteria set forth above shall elect either (1) to receive a cash payment as compensation for losses which may be or have been sustained in a private sale, in an amount not to exceed the difference between (A) 95 per centum of the fair market value of their property (as such value is determined by the Secretary of Defense) prior to public announcement of intention to close all or part of the military base or installation and (B) the fair market value of such property (as such value is so determined) at the time of the sale, or (2) to receive, as purchase price for their property, an amount not to exceed 90 per centum of prior fair market value as such value is determined by the Secretary of Defense, or the amount of the outstanding mortgages. Cash payment as compensation for losses sustained in a private sale shall not be made in any case in which the property is encumbered by a mortgage loan guaranteed, insured, or held by a Federal agency unless such mortgage loan is paid, assumed by a purchaser satisfactory to such Federal agency, or otherwise fully satisfied at or prior to the time such cash payment is made. Except in cases of payment as compensation for losses, in the event of foreclosure by mortgagees commenced on or after public announcement of intention to close all or part of the military base or installation and prior to the one hundred and twentieth day after the enactment of this Act, the Secretary of Defense may reimburse or pay on account of eligible persons such sums as may be paid or be otherwise due and owing by such persons as the result of such foreclosure, including (without limiting the generality of the foregoing) direct costs of judicial foreclosure, expenses and liabilities enforceable according to the terms of their mortgages or promissory notes, and the amount of debts, if any, established against such persons by a Federal agency in the case of loans made, guaranteed, or insured by such agency following liquidation of the security for such loans.*

(d) *There shall be in the Treasury a fund which shall be available to the Secretary of Defense for the purpose of extending the financial assistance provided above. The capital of such fund shall consist of such sums as may, from time to time, be appropriated thereto, and shall consist also of receipts from the management, rental, or sale of properties acquired under this section, which receipts shall be credited to the fund and shall*

be available, together with funds appropriated therefor, for purchase or reimbursement purposes as provided above, as well as to defray expenses arising in connection with the acquisition, management, and disposal of such properties, including payment of principal, interest, and expenses of mortgages or other indebtedness thereon, and including the cost of staff services and contract services, costs of insurance, and other indemnity. Any part of such receipts not required for such expenses shall be covered into the Treasury as miscellaneous receipts. Properties acquired under this section shall be conveyed to, and acquired in the name of, the United States. The Secretary of Defense shall have the power to deal with, rent, renovate, and dispose of, whether by sales for cash or credit or otherwise, any properties so acquired: Provided, however, That no contract for acquisition, or acquisition, shall be deemed to constitute a contract for or acquisition of family housing units in support of military installations or activities within the meaning of section 406(a) of the Act of August 30, 1957 (42 U.S.C. 1594i), nor shall it be deemed a transaction within the contemplation of section 2662 of title 10, United States Code.

(e) Payments from the fund created by this section may be made in lieu of taxes to any State or political subdivision thereof, with respect to real property, including improvements thereon, acquired and held under this section. The amount so paid for any year upon such property shall not exceed the taxes which would be paid to the State or subdivision, as the case may be, upon such property if it were not exempt from taxation, and shall reflect such allowance as may be considered appropriate for expenditures, if any, by the Government for streets, utilities, or other public services to serve such property.

(f) The title to any property acquired under this section, the eligibility for, and the amounts of, cash payable, and the administration of the preceding provisions of this section, shall conform to such requirements, and shall be administered under such conditions and regulations, as the Secretary of Defense may prescribe. Such regulations shall also prescribe the terms and conditions under which payments may be made and instruments accepted under this section, and all the determinations and decisions made pursuant to such regulations by the Secretary of Defense regarding such payments and conveyances and the terms and conditions under which they are approved or disapproved, shall be final and conclusive and shall not be subject to judicial review.

(g) The Secretary of Defense is authorized to enter into such agreement with the Secretary of Housing and Urban Development as may be appropriate for the purposes of economy and efficiency of administration of this section. Such agreement may provide authority to the Secretary of Housing and Urban Development and his designee to make any or all of the determinations and take any or all of the actions which the Secretary of Defense is authorized to undertake pursuant to the preceding provisions of this section. Any such determinations shall be entitled to finality to the same extent as if made by the Secretary of Defense, and, in event the Secretaries of Defense and Housing and Urban Development so elect, the fund established pursuant to subsection (d) of this section shall be available to the Secretary of Housing and Urban Development to carry out the purposes thereof.

(h) Section 223(a)(8) of the National Housing Act is amended to read as follows:

"(8) executed in connection with the sale by the Government of any housing acquired pursuant to section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966."

(i) No funds may be appropriated for the acquisition of any property under authority of this section unless such funds have been specifically authorized for such purpose in a military construction authorization act, and no moneys in the fund created pursuant to subsection (d) of this section may be expended for any purpose except as may be provided in appropriation Acts.

(j) Section 108 of the Housing and Urban Development Act of 1965 is repealed.

COLLEGE HOUSING

SEC. 1014. (a) Section 404(b)(4) of the Housing Act of 1950 is amended by striking out "public" immediately before "educational institution".

(b) Section 401(d) of such Act is amended by inserting before the period at the end thereof the following: "and, notwithstanding the first proviso of this subsection, the amount of this annual increase which is not utilized for loans for hospitals may be utilized for loans for other educational facilities, as defined herein".

STUDY CONCERNING RELIEF OF HOMEOWNERS IN PROXIMITY TO AIRPORTS

SEC. 1015. Section 1113 of the Housing and Urban Development Act of 1965 is amended—

(1) by inserting "(a)" after "SEC. 1113.";

(2) by striking out "one year after the date of the enactment of this Act" and inserting in lieu thereof "six months after the date of the enactment of the Demonstration Cities and Metropolitan Development Act of 1966"; and

(3) by adding at the end thereof the following new subsection:

"(b) There is authorized to be appropriated the sum of \$100,000 to carry out subsection (a)."

QUARTERS AND FACILITIES FOR FEDERAL HOME LOAN BANKS AND THE FEDERAL HOME LOAN BANK BOARD

SEC. 1016. (a) The second sentence of section 12 of the Federal Home Loan Bank Act (12 U.S.C. 1432) is amended by striking out "but no bank building shall be bought or erected to house any such bank, nor shall any such bank make any lease" and inserting in lieu thereof "but, except with the prior approval of the board, no bank building shall be bought or erected to house any such bank, or leased by such bank under any lease".

(b) Section 18 of such Act (12 U.S.C. 1438) is amended—

(1) by adding at the end of subsection (b) the following new sentence: "Such assessments may include such amounts as the board may deem advisable for carrying out the provisions of subsection (c) of this section."; and

(2) by adding at the end thereof the following new subsection:

"(c) (1) The board, utilizing the services of the Administrator of General Services (hereinafter referred to as the 'Administrator'), and subject to any limitation hereon which may hereafter be imposed in appropriation Acts, is hereby authorized—

"(A) to acquire, in the name of the United States, real property in the District of Columbia, for the purposes set forth in this subsection;

"(B) to construct, develop, furnish, and equip such buildings thereon and such facilities as in its judgment may be appropriate to

provide, to such extent as the board may deem advisable, suitable and adequate quarters and facilities for the board and the agencies under its administration or supervision;

"(C) to enlarge, remodel, or reconstruct any of the same; and

"(D) to make or enter into contracts for any of the foregoing.

"(2) The board may require of the respective banks, and they shall make to the board, such advances of funds for the purposes set out in paragraph (1) as in the sole judgment of the board may from time to time be advisable. Such advances shall be in addition to the assessments authorized in subsection (b) and shall be apportioned by the board among the banks in proportion to the total assets of the respective banks, determined in such manner and as of such times as the board may prescribe. Each such advance shall bear interest at the rate of $4\frac{1}{2}$ per centum per annum from the date of the advance and shall be repaid by the board in such installments and over such period, not longer than twenty-five years from the making of the advance, as the board may determine. Payments of interest and principal upon such advances shall be made from receipts of the board or from other sources which may from time to time be available to the board. The obligation of the board to make any such payment shall not be regarded as an obligation of the United States. To such extent as the board may prescribe any such obligation shall be regarded as a legal investment for the purposes of subsections (g) and (h) of section 11 and for the purposes of section 16.

"(3) The plans and designs for such buildings and facilities and for any such enlargement, remodeling, or reconstruction shall, to such extent as the chairman of the board may request, be subject to his approval.

"(4) Upon the making of arrangements mutually agreeable to the board and the Administrator, which arrangements may be modified from time to time by mutual agreement between them and may include but shall not be limited to the making of payments by the board and such agencies to the Administrator and by the Administrator to the board, the custody, management, and control of such buildings and facilities and of such real property shall be vested in the Administrator in accordance therewith. Until the making of such arrangements such custody, management, and control, including the assignment and allotment and the reassignment and reallocation of building and other space, shall be vested in the board.

"(5) Any proceeds (including advances) received by the board in connection with this subsection, and any proceeds from the sale or other disposition of real or other property acquired by the board under this subsection, shall be considered as receipts of the board, and obligations and expenditures of the board and such agencies in connection with this subsection shall not be considered as administrative expenses. As used in the subsection, the term 'property' shall include interests in property.

"(6) With respect to its functions under this subsection the board shall (A) annually prepare and submit a budget program as provided in title I of the Government Corporation Control Act with regard to wholly owned Government corporations, and for purposes of this sentence, the terms 'wholly owned Government corporations' and 'Government corporations', wherever used in such title, shall include the board, and (B) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions as provided in such title, and no other audit, settlement, or adjustment shall be required with respect to transactions under this subsection or with respect to claims, demands, or accounts by or against any person arising thereunder. The first budget program shall be for the first full fiscal year beginning on or after the date

of the enactment of this subsection, and the first audit shall be for the remainder of the fiscal year in which this subsection is enacted. Except as otherwise provided in this subsection or by the board, the provisions of this subsection and the functions thereby or thereunder subsisting shall be applicable and exercisable notwithstanding and without regard to the Act of June 20, 1938 (D.C. Code, secs. 5-413—5-428), except that the proviso of section 16 thereof shall apply to any building constructed under this subsection, and section 306 of the Act of July 30, 1947 (61 Stat. 584), or any other provision of law relating to the construction, alteration, repair, or furnishing of public or other buildings or structures or the obtaining of sites therefor, but any person or body in whom any such function is vested may provide for delegation or redelegation of the exercise of such function.

"(7) No obligation shall be incurred and no expenditure, except in liquidation of obligation, shall be made pursuant to the first two subparagraphs of paragraph (1) of this subsection if the total amount of all obligations incurred pursuant thereto would thereupon exceed \$13,200,000, or such greater amount as may be provided in an appropriation Act or other law."

SMALL BUSINESS ACT

SEC. 1017. Paragraph (1) of section 8(b) of the Small Business Act is amended by inserting "(A)" after "(1)", by inserting "and" after "Administration;", and by adding at the end thereof a new subparagraph as follows:

"(B) to allow an individual or group of persons cooperating with it in furtherance of the purposes of subparagraph (A) to make such use of its office facilities and related materials and services as it deems appropriate;"

USE OF CERTAIN LANDS FOR CIVILIAN DEFENSE PURPOSES

SEC. 1018. Section 2 of the Act entitled "An Act to provide for the conveyance of a tract of land in Prince Georges County, Maryland, to the State of Maryland for use as a site for a National Guard Armory and for training the National Guard or for other military purposes", approved August 10, 1949 (63 Stat. 592), is amended by striking out "The land" and inserting in lieu thereof "(a) Except as provided in subsection (b) of this section, the land" and by adding at the end thereof the following new subsection:

"(b) The Secretary of Housing and Urban Development shall execute the necessary instrument or instruments to provide that a certain portion of land, not to exceed two acres, on the easterly side of the land described in the first section of this Act, as more particularly determined and designated by the Secretary of the Army, may be used for civil defense or other emergency preparedness purposes or the purposes stated in subsection (a) and that such use shall not cause the reverter clause set forth herein to become operable."

MORTGAGE INSURANCE FOR LAND DEVELOPMENT— CLARIFYING AMENDMENTS

SEC. 1019. Section 1001(d) of the National Housing Act is amended—

(1) by striking out "sewerage disposal installations," and inserting in lieu thereof "sewage disposal installations, steam, gas, and electric lines and installations,";

(2) by striking out the semicolon after "or common use", and inserting in lieu thereof a period and the following new sentence: "Related uses may include industrial uses, with sites for such uses to be in proper proportion to the size and scope of the development.";

(3) by striking out "but such term" and inserting in lieu thereof: "The term improvements"; and

(4) by inserting after "sewage disposal installation," in clause (1) the following: "or a steam, gas, or electric line or installation,".

MISCELLANEOUS AND TECHNICAL AMENDMENTS

SEC. 1020. (a) Section 106(d) of the Housing Act of 1949 is repealed.

(b) Section 227(a) of the National Housing Act is amended by striking out "subsection (b)(2)" in clause (vi) and inserting in lieu thereof "subsection (b)".

(c) The last sentence of section 305(e) of the National Housing Act is amended by striking out "supplementing" and inserting in lieu thereof "supplementary".

(d) Section 308 of the National Housing Act is amended by striking out "a".

(e) Section 512 of the National Housing Act is amended by striking out "or IX" and inserting in lieu thereof "IX, X, or XI".

(f) Section 1001(c) of the National Housing Act is amended by striking out "mortgage" and inserting in lieu thereof "mortgagee".

(g) Section 1 of the National Housing Act is amended by striking out "and X" wherever it appears and inserting in lieu thereof "X, and XI".

(h) Section 102(h) of the Housing Amendments of 1955 is amended by striking out "section 213 of the National Housing Act, as amended, the Commissioner" and inserting in lieu thereof "section 213 of the National Housing Act, section 221(d)(3) of the National Housing Act, and section 101 of the Housing and Urban Development Act of 1965 (insofar as the provisions of such sections relate to cooperative housing), the Secretary of Housing and Urban Development", and by striking out "such section" each place it appears and inserting in lieu thereof "such sections".

And the House agree to the same.

WRIGHT PATMAN,
ABRAHAM J. MULTER,
WM. A. BARRETT,
MRS. LEONOR SULLIVAN,
HENRY S. REUSS,
THOMAS L. ASHLEY,
WILLIAM B. WIDNALL,
Managers on the Part of the House.

JOHN SPARKMAN,
PAUL H. DOUGLAS,
WM. PROXMIRE,
HARRISON A. WILLIAMS,
EDMUND S. MUSKIE,
EDWARD V. LONG,
THOMAS J. MCINTYRE,
JOHN G. TOWER,
WALLACE F. BENNETT,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3708) to assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House amendment and the Senate bill. Except for technical, clarifying, and conforming changes, the following statement explains the differences between the House amendment and the substitute agreed to in conference.

TITLE I—COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

Priority of use of demonstration grant funds

The House amendment provided that grants under the demonstration cities program would be used either for federally assisted projects or for other projects undertaken as part of such a program. The Senate bill provided that such grants shall be used to assist new projects not federally assisted and only if not necessary for such projects may they be used for federally assisted projects. The conference report contains the Senate language.

TITLE II—PLANNED METROPOLITAN DEVELOPMENT

Metropolitan expediter

The Senate bill contained a provision not included in the House amendment authorizing the appointment of a metropolitan expediter upon request of local officials and after consultation with local officials. The conference report contains the Senate language with a modification requiring that the central city in any metropolitan area must request the appointment of such an official. The conferees wish to emphasize that this expediter is intended to be the servant of the cities in the metropolitan area, and his functions are limited to providing information, data, and assistance to local authorities and private individuals and entities in the area.

TITLE III—FHA INSURANCE OPERATIONS

Cooperative housing

The House amendment contained provisions increasing each of the per family unit limitations under FHA section 213, cooperative housing program by \$2,500 and authorizing additional exterior land improvement to be financed under that program. The Senate bill contained neither provision and none is contained in the conference report.

Eligibility for occupancy for section 221(d)(3) below-market-interest-rate housing

The House amendment contained a provision prohibiting occupancy of section 221(d)(3) below-market-interest-rate housing by families with an annual income of \$10,000 or more. The Senate bill contained no such provision and none is contained in the conference report. The conferees, however, wish to emphasize that they expect the Secretary of Housing and Urban Development to limit this program to families of greatest need. The conferees recognize, of course, that higher ceilings are necessary in high-cost areas and for large families.

Armed services housing mortgage insurance program

The House amendment contained a provision which would have reactivated the Capehart FHA insurance program for the armed services. There was no such provision in the Senate bill and none is contained in the conference report.

FHA section 810 program

The House amendment contained a provision increasing from 5,000 to 10,000 the maximum number of units which may be covered by mortgages insured under FHA's program for off-base rental housing for the military. The House amendment would also have permitted additional types of mortgagors under this program. There were no comparable provisions in the Senate bill and none are contained in the conference report.

TITLE IV—LAND DEVELOPMENT AND NEW COMMUNITIES

The House amendment contained a provision not included in the Senate bill increasing the maximum mortgage from \$10 million to \$25 million which FHA can insure for land development and authorizing this assistance for entire new communities. The conference report contains the House provision with three amendments which would terminate this authority on October 1, 1972; would require approval of any new community by the local governing body and by the Governor of the State (except in "home rule" cases); and would limit the total amount of insurance which can be outstanding under this provision at any one time to \$250 million.

TITLE V—MORTGAGE INSURANCE FOR GROUP MEDICAL PRACTICE FACILITIES

The House amendment contained a provision authorizing FHA mortgage insurance for group practice medical facilities. The conference report retains this provision, with an amendment providing

that, while both profitmaking and nonprofit groups may participate in the program, the actual mortgagor under the new program must be a private nonprofit corporation.

TITLE VI—PRESERVATION OF HISTORIC STRUCTURES

Loans for acquisition and rehabilitation of historic structures

The House amendment contained a provision authorizing the use of below-market interest rate loans under section 312 of the Housing Act of 1964 for historic preservation purposes. There was no such provision in the Senate bill and none is contained in the conference report.

TITLE VII—URBAN RENEWAL

Local grants-in-aid

The House amendment contained a provision authorizing the Secretary to count as local credit for urban renewal purposes 25 percent of the cost of public facilities for cultural, exhibition, civic, or municipal purposes subject to certain other requirements. The conference report retains this provision with two amendments. First, the word "municipal" is stricken and the phrase "city hall or public safety building" is inserted, and second, certain medical facilities and mental health facilities could be included. Such credit would be limited to 25 percent of the cost of such facility or \$3.5 million, whichever is less. The conferees wish to emphasize that this provision is not intended as a "blank check" for the inclusion of such projects for urban renewal credit purposes and the provision includes the requirement that any such local project must "contribute materially to the objectives of the urban renewal plan or plans for such project or projects." The conferees further expect the Department of Housing and Urban Development to report back to the Congress by January of 1967 on the potential cost of section 701 of this act, together with recommendations for changes in existing law affecting local grants-in-aid.

Application of prevailing wage requirements to multifamily housing in urban renewal areas

The House amendment contained a provision which would have applied the Davis-Bacon Act prevailing wage requirement to conventionally financed multifamily housing built in urban renewal areas. There was no such provision in the Senate bill and none is contained in the conference report.

Grant-in-aid credit under section 112 of the Housing Act of 1941

The House amendment contained a provision defining the term "in the vicinity" as used in connection with local credits under urban renewal for certain expenditures by universities and hospitals to mean 1 mile and further giving the Secretary discretion to recognize expenditures beyond the 1-mile limit where he felt the facts justified it. The conference report contains the 1-mile provision but does not contain the discretionary authority beyond 1 mile.

Sewer systems in urban renewal areas

The House amendment contained a provision which would have required urban renewal areas to be served by storm sewer systems separate from sanitary sewer systems. There was no such provision

in the Senate bill. The conference report contains a provision requiring that to the maximum extent feasible urban renewal areas must be served by effective systems for the treatment of storm and sanitary wastes.

TITLE IX—URBAN INFORMATION AND TECHNICAL ASSISTANCE SERVICES

The Senate bill contained a provision authorizing matching grants (limited to appropriations of \$5 million for fiscal year 1967 and \$10 million for fiscal 1968) to States and metropolitan area agencies for the establishment of urban information and technical assistance centers. The conference report contains a provision authorizing matching grants through the States for technical assistance for communities up to 100,000 population, and authorizes the appropriation of \$2.5 million in fiscal 1967 and \$5 million for fiscal 1968 for this purpose.

TITLE X—MISCELLANEOUS

Low-rent housing in private accommodations

The House amendment contained a provision extending the maximum term of lease from 36 months to 60 months for private accommodations to be used as public housing but restricted the longer term to housing needed for displaced families. The conference report retained the increase in the maximum term to 60 months but does not restrict it to housing for displaced families.

Open-space grants for development of existing open-space land

The House amendment had a provision authorizing grants under the open space program for the development of land already owned by a municipality. There was no such provision in the Senate bill and none is contained in the conference report.

Acquisition of property in areas affected by the closing of military bases

The House amendment had a provision authorizing the Secretary of Defense to acquire the homes of property owners in areas affected by the closing of military bases or to make certain payments where the property had already been sold by the owner or the owner had lost it through foreclosure. The conference report contains the House amendment with perfecting modifications.

Leasing of housing for bachelor military personnel

The House amendment contained a provision authorizing the Secretary of Defense to lease for periods of up to 15 years appropriate housing for use as bachelor officer quarters. There was no comparable provision in the Senate bill and none is contained in the conference report.

Hydrology research

The House amendment contained a provision authorizing HUD to conduct studies and research concerning urban hydrology. There was no comparable provision in the Senate bill and none is contained in the conference report.

Studies of State laws affecting cities

The House amendment contained a provision authorizing the limited use of urban planning grant funds for studies of State laws affecting municipalities. This is retained in the conference report but the conferees wish to make clear that it is not intended that these funds be used in any way for lobbying State legislatures.

Certain items not included in the conference report

The Senate conferees strongly urged the adoption of five provisions approved by the Senate. These were: FHA mortgage insurance for seasonal homes, fellowships for graduate training in historic preservation, clarification of existing authority for the leasing of privately built housing for use as public housing, authority for FNMA to purchase mortgages insured or guaranteed prior to August 2, 1954, and a provision to conform to nomenclature used in various housing laws to reflect the creation of the Department of Housing and Urban Development. While the House conferees were impressed with the merits of these provisions, it was felt that they could not be accepted at this time, but there was agreement that the House Committee on Banking and Currency would take prompt action on them early next year.

WRIGHT PATMAN,
ABRAHAM J. MULTER,
WM. A. BARRETT,
LEONOR SULLIVAN,
HENRY S. REUSS,
THOMAS L. ASHLEY,
WILLIAM B. WIDNALL,

Managers on the Part of the House.



pollution control facilities, by the Secretary of the Interior. Under Senate amendment no. 22, the certification with respect to air pollution control facilities is to be made by Secretary of Health, Education, and Welfare. The House recedes.

RAILROAD ROLLING STOCK AND HIGHWAY TRAILERS AND SEMITRAILERS

Amendment No. 23: Under this amendment, property which is railroad rolling stock designed to carry freight solely or highway trailers and semitrailers of the type used in commercial freight transportation would be treated as property which is not suspension period property.

The Senate recedes.

CERTAIN OTHER RAILROAD ROLLING STOCK

Amendment No. 24: Under this amendment, railroad rolling stock especially designed and used for local or suburban commuter services would be treated as property which is not suspension period property. The Senate recedes.

NEW UHF TELEVISION STATIONS

Amendment No. 25: Under this amendment, certain property constructed, reconstructed, erected, or acquired for an ultra-high frequency television station which had been authorized by the Federal Communications Commission before October 10, 1966, would be treated as property which is not suspension period property.

The Senate recedes.

CARGO AIRCRAFT

Amendment No. 26: Under this amendment, certain cargo aircraft acquired for use by air carriers and to be delivered after July 1, 1968, would be treated as property which is not suspension period property.

The Senate recedes.

REPLACEMENT PROPERTY

Amendment No. 27: Under this amendment, property constructed, reconstructed, erected, or acquired by the taxpayer, to the extent it is placed in service to replace property which is destroyed or damaged by fire, storm, shipwreck, or other casualty, or is stolen, is to be treated as property which is not suspension period property.

The House recedes with an amendment. Under the conference agreement, the rule contained in the proposed section 48(h) (13) of the code is to apply only to the extent that the basis (in the case of new replacement property) or the cost (in the case of used replacement property) does not exceed the adjusted basis of the property which is destroyed, damaged, or stolen.

EXEMPTION FROM SUSPENSION

Amendment No. 29: The bill as passed by the House provides, in the proposed new section 48(i) of the code, that property, which would otherwise be suspension period property, acquired by the taxpayer by purchase for use in his trade of business is not to be treated as suspension period property to the extent of items (selected by the taxpayer) having an aggregate cost of \$15,000 for the suspension period. Senate amendment No. 29 increased this exemption to \$25,000.

The House recedes with an amendment under which the amount of the exemption is \$20,000.

CERTAIN LEASED PROPERTY

Amendment No. 33: This amendment adds a new sentence to section 48(d) of the code (relating to certain leased property) which provides that where (1) section 38 property is leased after October 9, 1966 (except pursuant to a binding contract in effect on such date), (2) the property is not suspension period property in the hands of the lessor but would be suspension period property if acquired by the lessee, and (3) the property is of the same kind that the lessor ordinarily sold to customers before October 10, 1966 (or ordinarily leased and made the election under

section 48(d) of the code), the lessor will be deemed to have made an election under section 48(d) with respect to such property. Thus, the lessee will be deemed to have acquired such property and the lessor will not be eligible for the investment credit with respect to such property. The House recedes.

EXEMPTION FROM DENIAL OF ACCELERATED DEPRECIATION

Amendment No. 35: Under the bill as passed by the House a new subsection (i) is added to section 167 of the code (relating to depreciation). The new subsection denies (with certain exceptions) the accelerated methods of computing depreciation with respect to new property which were first permitted by the enactment of the 1954 code if (1) the physical construction, reconstruction, or erection of the property by any person begins during the suspension period, or (2) an order for such construction, reconstruction, or erection is placed by any person during the suspension period.

Senate amendment No. 35 exempted from this rule any item of real property selected by the taxpayer if the cost of such property (when added to the cost of other items selected by the taxpayer) does not exceed \$100,000.

The House recedes with an amendment under which the amount of this exemption is \$50,000.

HOUSING BUILT ON NONNAVIGABLE WATERS

Amendment No. 36: This amendment provided an exception to the rule for denial of accelerated depreciation (described with respect to Senate amendment No. 35) for any item of real property on which housing is built if such housing could not have been provided but for the enactment of section 307 or 309 of Public Law 89-286.

The Senate recedes.

RETIREMENT AND SAVINGS BONDS

Amendment No. 40: This amendment adds a new section 22A to the Second Liberty Bond Act authorizing the issuance of United States retirement and savings bonds.

The new series of retirement and savings bonds (1) may be issued only on a discount basis (2) shall have maturities of not less than 10 nor more than 30 years, and (3) shall be redeemable before maturity on such terms and conditions as the Secretary of the Treasury may prescribe. If held to maturity, the new bonds would provide an investment yield (as prescribed by the Secretary of the Treasury) of not more than 5 percent per annum, compounded semiannually, or a higher rate if so prescribed by the Secretary with the approval of the President. The Secretary is authorized to limit the amount of the new bonds issued in any one year which may be held by any individual (but not below \$3,000).

Other provisions of the new section 22A of the Second Liberty Bond Act are similar, in general, to the provisions of law applicable to series E savings bonds.

The House recedes with clarifying amendments and with an amendment which eliminates the authority of the Secretary of the Treasury, with the approval of the President, to prescribe a rate of investment yield for the new retirement and savings bonds in excess of 5 percent per annum, compounded semiannually.

PROFESSIONAL FOOTBALL LEAGUES

Amendment No. 41: This amendment adds a new section to the bill which amends the Internal Revenue Code of 1954 and the Act of September 30, 1961, with respect to professional football leagues.

Section 501(c) (6) of the code provides, in effect, exemption from income tax for business leagues, chambers of commerce, real estate boards, or boards of trade, not organized for profit and no part of the net earn-

ings of which inures to the benefit of any private shareholder or individual. Professional football leagues, which are not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual, have been held to qualify for tax exemption under this provision of the code.

Subsection (a) of the new section amends this provision to include, among the organizations specifically enumerated, professional football leagues, whether or not administering a pension fund for football players. Thus, under the amendment, in determining for purposes of section 506(c) (6) of the code whether any part of the net earnings of a professional football league inures to the benefit of any private shareholder or individual, there is not to be taken into account the fact that the league administers a pension fund for football players.

Subsection (b) of the new section amends section 512(b) of the code to provide that, in determining the unrelated business taxable income of organizations subject to the tax imposed by section 511 of the code, there was to be excluded all income derived from promoting or sponsoring any professional football game if such promotion or sponsorship does not occur more than four times during the taxable year with respect to any team.

Paragraph (1) of subsection (c) of the new section amends section 1 of the Act of September 30, 1961 (75 Stat. 732; 15 U.S.C. 1291). The amendment provides that the antitrust laws, as defined in section 1 of the Act of October 15, 1914, as amended, or in the Federal Trade Commission Act, as amended, shall not apply to a joint agreement by which the member clubs of two or more professional football leagues, which are exempt from income tax under section 501(c) (6) of the Internal Revenue Code of 1954, combine their operations in an expanded single league so exempt from income tax, if such agreement increases rather than decreases the number of professional football clubs so operating, and the provisions of which are directly relevant thereto.

The amendment to the Act of September 30, 1961, would not extend to the combined league any greater antitrust immunity than that now existing for the existing professional football leagues. The amendment does not seek to resolve any of the antitrust problems of professional football or the other professional team sports. It is the intent of the conferees, both on the part of the House and of the Senate, that the new league will commence operations with no greater antitrust immunity than the existing individual leagues now enjoy. The sole effect of this amendment to the Act of September 30, 1961, is to permit the combination of the two leagues to go forward without fear of antitrust challenge based upon a joint agreement between the member clubs of two leagues to combine in a single league and to conduct their affairs as members of a single league.

Paragraph (2) of subsection (c) of the new section makes a technical conforming amendment to section 2 of the Act of September 30, 1961.

Paragraph (3) of subsection (c) of the new section amends section 3 of the Act of September 30, 1961, to extend to high schools the same protection from telecasting of professional football games that is accorded to colleges. This protection prohibits the telecasting of a professional football game from a telecasting station located within 75 miles of the game site of a college or high school game. The protection extends from 6:00 p.m. on Friday (beginning with the second Friday in September of each year) through Saturday of each week (ending on the second Saturday in December of each year).

Subsection (d) of the new section provides that the amendments made by this section

to the Internal Revenue Code are to apply to taxable years ending after the date of the enactment of the bill.

The House recedes with clerical and conforming amendments and with an amendment which strikes out the amendment described above to section 512(b) of the code.

REDUCTION IN FEDERAL CIVILIAN EMPLOYMENT

Amendment No. 42: This amendment added a new section to the bill which would require, in effect, that, with certain exceptions, only 25 percent of the vacancies occurring in civilian positions in the executive branch of the Government could be filled during any month if at the end of the preceding month the number of civilian employees exceeded a number equal to the number of such employees on September 30, 1966, minus 200,000.

The Senate recedes.

W. D. MILLS,
CECIL R. KING,
HALE BOGGS,
EUGENE J. KEOGH,
JOHN W. BYRNES,
THOS. B. CURTIS,
JAMES B. UTT,

Managers on the Part of the House.

LEGISLATIVE PROGRAM

(Mr. BOGGS asked and was given permission to address the House for 1 minute.)

Mr. BOGGS. Mr. Speaker, I would like to announce that when time permits, a number of bills that have been reported unanimously by the Committee on Ways and Means will be called up and I ask unanimous consent that the list of bills be printed in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The bills are as follows:

H.R. 5950 (PELLEY)—free importation of limestone used in cement.

H.R. 7030 (BATTIN)—certain assessments for depreciable property.

H.R. 8244 (HERLONG)—computation of cigar tax.

H.R. 9280 (TALCOTT)—exempting from excise tax shells and cartridges used in preventing crop damage by birds.

H.R. 11158 (MILLS)—working capital fund for Treasury.

H.R. 11753 (BRAY)—spectrometer, Indiana U.

H.R. 12110 (MINSHALL)—ship model, Lutheran Church.

H.R. 12197 (McCORMACK)—rheogoniometer, Tufts U.

H.R. 13035 (RUMSFELD)—rheogoniometer, Northwestern U.

H.R. 13190 (CONTE)—carillon, Northfield, etc.

H.R. 13363 (KING of California)—extending filing time for TSUS refunds.

H.R. 13455 (RHODES of Pennsylvania)—payment of podiatrists' services under SML.

H.R. 13739 (NIX)—spectrograph, Pennsylvania U.

H.R. 14388 (THOMPSON, N.J.)—spectrometer, Princeton U.

H.R. 14610 (ICHORD)—diffractometer, Missouri U.

H.R. 14893 (ROSTENKOWSKI)—ionosonde, Illinois U.

H.R. 15888 (TUNNEY)—carillon, California U.

H.R. 16077 (BOGGS)—free importation of dicyandiamide.

H.R. 16160 (ULLMAN)—tariff classification of Chinese gooseberries.

H.R. 17271 (BYRNES of Wisconsin)—tax treatment, combat pay.

H.R. 18085 (MILLS)—widow's and step-child's benefits.

H.R. 18230 (WATTS)—indirect purchase of stock (liquidation of subsidiaries).

S. 1013 (SALTONSTALL)—requiring annual Treasury report re national debt and tax structure.

H.R. 13116 (GRIFFITHS)—Duty on certain nonmalleable iron castings.

DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966

Mr. PATMAN submitted the following conference report and statement on the bill (S. 3708) to assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 2301)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3708) to assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That this Act may be cited as the 'Demonstration Cities and Metropolitan Development Act of 1966'.

"TITLE I—COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

Findings and declaration of purpose

"Sec. 101. The Congress hereby finds and declares that improving the quality of urban life is the most critical domestic problem facing the United States. The persistence of widespread urban slums and blight, the concentration of persons of low income in older urban areas, and the unmet needs for additional housing and community facilities and services arising from rapid expansion of our urban population have resulted in a marked deterioration in the quality of the environment and the lives of large numbers of our people while the Nation as a whole prospers.

"The Congress further finds and declares that cities, of all sizes, do not have adequate resources to deal effectively with the critical problems facing them, and that Federal assistance in addition to that now authorized by the urban renewal program and other existing Federal grant-in-aid programs is essential to enable cities to plan, develop, and conduct programs to improve their physical environment, increase their supply of adequate housing for low- and moderate-income people, and provide educational and social services vital to health and welfare.

"The purposes of this title are to provide additional financial and technical assistance to enable cities of all sizes (with equal regard to the problems of small as well as large cities) to plan, develop, and carry out locally prepared and scheduled comprehensive city demonstration programs containing new and imaginative proposals to rebuild or revitalize large slum and blighted areas; to expand

housing, job, and income opportunities; to reduce dependence on welfare payments; to improve educational facilities and programs; to combat disease and ill health; to reduce the incidence of crime and delinquency; to enhance recreational and cultural opportunities; to establish better access between homes and jobs; and generally to improve living conditions for the people who live in such areas, and to accomplish these objectives through the most effective and economical concentration and coordination of Federal, State, and local public and private efforts to improve the quality of urban life.

"Basic authority

"Sec. 102. The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to make grants and provide technical assistance, as provided by this title, to enable city demonstration agencies (as defined in section 112(2)) to plan, develop, and carry out comprehensive city demonstration programs in accordance with the purposes of this title.

"Eligibility for assistance

"Sec. 103. (a) A comprehensive city demonstration program is eligible for assistance under sections 105 and 107 only if—

"(1) physical and social problems in the area of the city covered by the program are such that a comprehensive city demonstration program is necessary to carry out the policy of the Congress as expressed in section 101;

"(2) the program is of sufficient magnitude to make a substantial impact on the physical and social problems and to remove or arrest blight and decay in entire sections or neighborhoods; to contribute to the sound development of the entire city; to make marked progress in reducing social and educational disadvantages, ill health, underemployment, and enforced idleness; and to provide educational, health, and social services necessary to serve the poor and disadvantaged in the area, widespread citizen participation in the program, maximum opportunities for employing residents of the area in all phases of the program, and enlarged opportunities for work and training;

"(3) the program, including rebuilding or restoration, will contribute to a well-balanced city with a substantial increase in the supply of standard housing of low and moderate cost, maximum opportunities in the choice of housing accommodations for all citizens of all income levels, adequate public facilities (including those needed for education, health and social services, transportation, and recreation), commercial facilities adequate to serve the residential areas, and ease of access between the residential areas and centers of employment;

"(4) the various projects and activities to be undertaken in connection with such programs are scheduled to be initiated within a reasonably short period of time; adequate local resources are, or will be, available for the completion of the program as scheduled, and, in the carrying out of the program, the fullest utilization possible will be made of private initiative and enterprise; administrative machinery is available at the local level for carrying out the program on a consolidated and coordinated basis; substantive local laws, regulations, and other requirements are, or can be expected to be, consistent with the objectives of the program; there exists a relocation plan meeting the requirements of the regulations referred to in section 107; the local governing body has approved the program and, where appropriate, applications for assistance under the program; agencies whose cooperation is necessary to the success of the program have indicated their intent to furnish such cooperation; the program is consistent with comprehensive planning for the entire urban or metropolitan area; and the locality will

maintain, during the period an approved comprehensive city demonstration program is being carried out, a level of aggregate expenditures for activities similar to those being assisted under this title which is not less than the level of aggregate expenditures for such activities prior to initiation of the comprehensive city demonstration program; and

"(5) the program meets such additional requirements as the Secretary may establish to carry out the purposes of this title: Provided, That the authority of the Secretary under this paragraph shall not be used to impose criteria or establish requirements except those which are related and essential to the specific provisions of this title.

"(b) In implementing this title the Secretary shall—

"(1) emphasize local initiative in the planning, development, and implementation of comprehensive city demonstration programs;

"(2) insure, in conjunction with other appropriate Federal departments and agencies and at the direction of the President, maximum coordination of Federal assistance provided in connection with this title, prompt response to local initiative, and maximum flexibility in programing, consistent with the requirements of law and sound administrative practice; and

"(3) encourage city demonstration agencies to (A) enhance neighborhoods by applying a high standard of design, (B) maintain, as appropriate, natural and historic sites and distinctive neighborhood characteristics, and (C) make maximum possible use of new and improved technology and design, including cost reduction techniques.

"(c) The preparation of demonstration city programs should include to the maximum extent feasible (1) the performance of analyses that provide explicit and systematic comparisons of the costs and benefits, financial and otherwise, of alternative possible actions or courses of action designed to fulfill urban needs; and (2) the establishment of programing systems designed to assure effective use of such analyses by city demonstration agencies and by other government bodies.

"(d) Nothing in this section shall authorize the Secretary to require (or condition the availability or amount of financial assistance authorized to be provided under this title upon) the adoption by any community of a program (1) by which pupils now resident in a school district not within the confines of the area covered by the city demonstration program shall be transferred to a school or school district including all or part of such area, or (2) by which pupils now resident in a school district within the confines of the area covered by the city demonstration program shall be transferred to a school or school district not including a part of such area.

"Financial assistance for planning comprehensive city demonstration programs"

"SEC. 104. (a) The Secretary is authorized to make grants to, and to contract with, city demonstration agencies to pay 80 per centum of the costs of planning and developing comprehensive city demonstration programs.

"(b) Financial assistance will be provided under this section only if (1) the application for such assistance has been approved by the local governing body of the city, and (2) the Secretary has determined that there exist (A) administrative machinery through which coordination of all related planning activities of local agencies can be achieved, and (B) evidence that necessary cooperation of agencies engaged in related local planning can be obtained.

"Financial assistance for approved comprehensive city demonstration programs"

"SEC. 105. (a) The Secretary is authorized to approve comprehensive city demonstration programs if, after review of the plans, he determines that such plans satisfy the criteria for such programs set forth in section 103.

"(b) The Secretary is authorized to make grants to, and to contract with, city demonstration agencies to pay 80 per centum of the cost of administering approved comprehensive city demonstration programs, but not the cost of administering any project or activity assisted under a Federal grant-in-aid program.

"(c) To assist the city to carry out the projects or activities included within an approved comprehensive city demonstration program, the Secretary is authorized to make grants to the city demonstration agency of not to exceed 80 per centum of the aggregate amount of non-Federal contributions otherwise required to be made to all projects or activities assisted by Federal grant-in-aid programs (as defined in section 112(1)) which are carried out in connection with such demonstration program: *Provided*, That no Federal grant-in-aid program shall be considered to be carried out in connection with such demonstration program unless it is closely related to the physical and social problems in the area of the city covered by the program and unless it can reasonably be expected to have a noticeable effect upon such problems. The specific amount of any such grant shall take into account the number and intensity of the economic and social pressures in the sections or neighborhoods involved, such as those involving or resulting from population density, poverty levels, unemployment rate, public welfare participation, educational levels, health and disease characteristics, crime and delinquency rate, and degree of substandard and dilapidated housing. The amount of non-Federal contribution required for each project in a Federal grant-in-aid program shall be certified to the Secretary by the Federal department or agency (other than the Department of Housing and Urban Development) administering such program, and the Secretary shall accept such certification in computing the grants hereunder.

"(d) Grant funds provided to assist projects and activities included within an approved comprehensive city demonstration program pursuant to subsection (c) of this section shall be made available to assist new and additional projects and activities not assisted under a Federal grant-in-aid program. To the extent such funds are not necessary to support fully such new and additional projects and activities, they may be used and credited as part or all of the required non-Federal contribution to projects or activities, assisted under a Federal grant-in-aid program, which are part of an approved comprehensive city demonstration program. Such grant funds, however, shall not be used—

"(1) for the general administration of local governments; or

"(2) to replace non-Federal contributions in any federally aided project or activity included in an approved comprehensive city demonstration program, if prior to the filing of an application for assistance under section 104 an agreement has been entered into with any Federal agency obligating such non-Federal contributions with respect to such project or activity.

"Technical assistance"

"SEC. 106. The Secretary is authorized to undertake such activities as he determines to be desirable to provide, either directly or by contracts or other arrangements, tech-

nical assistance to city demonstration agencies to assist such agencies in planning, developing, and administering comprehensive city demonstration programs.

"Relocation requirements and payments"

"SEC. 107. (a) A comprehensive city demonstration program shall include a plan for the relocation of individuals, families, business concerns, and nonprofit organizations displaced or to be displaced in the carrying out of such program. The relocation plan shall be consistent with regulations prescribed by the Secretary to assure that (1) the provisions and procedures included in the plan meet relocation standards equivalent to those prescribed under section 105(c) of the Housing Act of 1949 with respect to urban renewal projects assisted under title I of that Act, and (2) relocation activities are coordinated to the maximum extent feasible with the increase in the supply of decent, safe, and sanitary housing for families and individuals of low or moderate income, as provided under the comprehensive city demonstration program, or otherwise, in order to best maintain the available supply of housing for all such families and individuals throughout the city.

"(b) (1) To the extent not otherwise authorized under any Federal law, financial assistance extended to a city demonstration agency under section 105 shall include grants to cover the full cost of relocation payments, as herein defined. Such grants shall be in addition to other financial assistance extended to such agency under section 105.

"(2) The term 'relocation payments' means payments by a city demonstration agency to a displaced individual, family, business concern, or nonprofit organization which are made on such terms and conditions and subject to such limitations (to the extent applicable, but not including the date of displacement) as are provided for relocation payments, at the time such payments are approved, by section 114 (b), (c), (d), and (e) of the Housing Act of 1949 with respect to projects assisted under title I thereof.

"(c) Subsection (b) shall not be applicable with respect to any displacement occurring prior to the date of the enactment of this Act.

"Continued availability of Federal grant-in-aid program funds"

"SEC. 108. Notwithstanding any other provision of law, unless hereafter enacted expressly in limitation of the provisions of this section, funds appropriated for a Federal grant-in-aid program which are reserved for any projects or activities assisted under such grant-in-aid program and undertaken in connection with an approved comprehensive city demonstration program shall remain available until expended.

"Consultation"

"SEC. 109. In carrying out the provisions of this title, including the issuance of regulations, the Secretary shall consult with other Federal departments and agencies administering Federal grant-in-aid programs. The Secretary shall consult with each Federal department and agency affected by each comprehensive city demonstration program before entering into a commitment to make grants for such program under section 105.

"Labor standards"

"SEC. 110. (a) All laborers and mechanics employed by contractors or subcontractors in the construction, rehabilitation, alteration, or repair of projects which—

"(1) are federally assisted in whole or in part under this title and

"(2) are not otherwise subject to section 212 of the National Housing Act, section 16(2) of the United States Housing Act of 1937, section 109 of the Housing Act of 1949, or any other provision of Federal law imposing labor standards on federally assisted construction,

shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5): *Provided*, That this section shall apply to the construction, rehabilitation, alteration, or repair of residential property only if such residential property is designed for residential use for eight or more families. No financial assistance shall be extended to any such projects unless adequate assurance is first obtained that these labor standards will be maintained upon the construction work.

"(b) The Secretary of Labor shall have, with respect to the labor standards specified in subsection (a), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c), and the Contract Work Hours Standards Act (76 Stat. 357).

"Appropriations

"SEC. 111. (a) There are authorized to be appropriated, for the purpose of financial assistance and administrative expenses under sections 104 and 106, not to exceed \$12,000,000 for the fiscal year ending June 30, 1967, and not to exceed \$12,000,000 for the fiscal year ending June 30, 1968.

"(b) There are authorized to be appropriated, for the purpose of financial assistance and administrative expenses under sections 105, 106, and 107, not to exceed \$400,000,000 for the fiscal year ending June 30, 1968, and not to exceed \$500,000,000 for the fiscal year ending June 30, 1969.

"(c) Appropriations authorized under this section shall remain available until expended.

"Definitions

"SEC. 112. As used in this title—

"(1) 'Federal grant-in-aid program' means a program of Federal financial assistance other than loans and other than the assistance provided by this title.

"(2) 'City demonstration agency' means the city, the county, or any local public agency established or designated by the local governing body of such city or county to administer the comprehensive city demonstration program.

"(3) 'City' means any municipality (or two or more municipalities acting jointly) or any county or other public body (or two or more acting jointly) having general governmental powers.

"(4) 'Local' agencies include State agencies and instrumentalities providing services or resources to a city or locality, and 'local' resources include those provided to a city or locality by a State or its agency or instrumentality.

"Grant authority for urban renewal projects which are part of approved comprehensive city demonstration programs

"SEC. 113. Section 103(b) of the Housing Act of 1949 is amended by inserting after the first sentence the following new sentence: 'In addition to the authority to make grants provided in the first sentence of this subsection, the Secretary may contract to make grants under this title, on or after July 1, 1967, in an amount not to exceed \$250,000,000: *Provided*, That the authority to contract to make grants provided by this sentence shall be exercised only with respect to an urban renewal project which is identified and scheduled to be carried out as one of the projects or activities included within an approved comprehensive city demonstration

program assisted under the provisions of section 105(c) of the Demonstration Cities and Metropolitan Development Act of 1966.'

"State limit

"SEC. 114. Grants made under section 105 for projects in any one State shall not exceed in the aggregate 15 per centum of the aggregate amount of funds authorized to be appropriated under section 111.

"TITLE II—PLANNED METROPOLITAN DEVELOPMENT

"Findings and declaration of purpose

"SEC. 201. (a) The Congress hereby finds that the welfare of the Nation and of its people is directly dependent upon the sound and orderly development and the effective organization and functioning of the metropolitan areas in which two-thirds of its people live and work.

"It further finds that the continuing rapid growth of these areas makes it essential that they prepare, keep current, and carry out comprehensive plans and programs for their orderly physical development with a view to meeting efficiently all their economic and social needs.

"It further finds that metropolitan areas are especially handicapped in this task by the complexity and scope of governmental services required in such rapidly growing areas, the multiplicity of political jurisdictions and agencies involved, and the inadequacy of the operational and administrative arrangements available for cooperation among them.

"It further finds that present requirements for areawide planning and programming in connection with various Federal programs have materially assisted in the solution of metropolitan problems, but that greater coordination of Federal programs and additional participation and cooperation are needed from the States and localities in perfecting and carrying out such efforts.

"(b) It is the purpose of this title to provide, through greater coordination of Federal programs and through supplementary grants for certain federally assisted development projects, additional encouragement and assistance to States and localities for making comprehensive metropolitan planning and programming effective.

"Cooperation between Federal agencies

"SEC. 202. In order to insure that all Federal programs related to metropolitan development are carried out in a coordinated manner—

"(1) the Secretary is authorized to call upon other Federal agencies to supply such statistical data, program reports, and other materials as he deems necessary to discharge his responsibilities for metropolitan development, and to assist the President in coordinating the metropolitan development efforts of all Federal agencies; and

"(2) all Federal agencies which are engaged in administering programs related to metropolitan development, or which otherwise perform functions relating thereto, shall, to the maximum extent practicable, consult with and seek advice from all other significantly affected Federal departments and agencies in an effort to assure fully coordinated programs.

"Metropolitan expeditors

"SEC. 203. Upon the request of the duly authorized local officials of the central city in any metropolitan area, and after consultation with local governmental authorities throughout the metropolitan area with respect to whether or not the Secretary should make an appointment under this section (and with respect to the individuals who might be so appointed), the Secretary may appoint a metropolitan expeditor for such area whenever he finds a need for the services specified in this section. The metropolitan expeditor shall provide information,

data, and assistance to local authorities and private individuals and entities within the metropolitan area, and to all relevant Federal departments and agencies, with respect to all programs and activities conducted within such metropolitan area by the Department of Housing and Urban Development, and with respect to other public and private activities and needs within such metropolitan area which relate to the programs and activities of the Department.

"Coordination of Federal aids in metropolitan areas

"SEC. 204. (a) All applications made after June 30, 1967, for Federal loans or grants to assist in carrying out open-space land projects or for the planning or construction of hospitals, airports, libraries, water supply and distribution facilities, sewerage facilities and waste treatment works, highways, transportation facilities, and water development and land conservation projects within any metropolitan area shall be submitted for review—

"(1) to any areawide agency which is designated to perform metropolitan or regional planning for the area within which the assistance is to be used, and which is, to the greatest practicable extent, composed of or responsible to the elected officials of a unit of areawide government or of the units of general local government within whose jurisdiction such agency is authorized to engage in such planning, and

"(2) if made by a special purpose unit of local government, to the unit or units of general local government with authority to operate in the area within which the project is to be located.

"(b) (1) Except as provided in paragraph (2) of this subsection, each application shall be accompanied (A) by the comments and recommendations with respect to the project involved by the areawide agency and governing bodies of the units of general local government to which the application has been submitted for review, and (B) by a statement by the applicant that such comments and recommendations have been considered prior to formal submission of the application. Such comments shall include information concerning the extent to which the project is consistent with comprehensive planning developed or in the process of development for the metropolitan area or the unit of general local government, as the case may be, and the extent to which such project contributes to the fulfillment of such planning. The comments and recommendations and the statement referred to in this paragraph shall, except in the case referred to in paragraph (2) of this subsection, be reviewed by the agency of the Federal Government to which such application is submitted for the sole purpose of assisting it in determining whether the application is in accordance with the provisions of Federal law which govern the making of the loans or grants.

"(2) An application for a Federal loan or grant need not be accompanied by the comments and recommendations and the statements referred to in paragraph (1) of this subsection, if the applicant certifies that a plan or description of the project, meeting the requirements of such rules and regulations as may be prescribed under subsection (c), or such application, has lain before an appropriate areawide agency or instrumentality or unit of general local government for a period of sixty days without comments or recommendations thereon being made by such agency or instrumentality.

"(3) The requirements of paragraphs (1) and (2) shall also apply to any amendment of the application which, in light of the purposes of this title, involves a major change in the project covered by the application prior to such amendment.

"(c) The Bureau of the Budget, or such other agency as may be designated by the

President, is hereby authorized to prescribe such rules and regulations as are deemed appropriate for the effective administration of this section.

"Grants to assist in planned metropolitan development"

"SEC. 205. (a) The Secretary is authorized to make supplementary grants to applicant State and local public bodies and agencies carrying out, or assisting in carrying out, metropolitan development projects meeting the requirements of this section.

"(b) Grants may be made under this section only for metropolitan development projects in metropolitan areas for which it has been demonstrated, to the satisfaction of the Secretary, that—

"(1) metropolitanwide comprehensive planning and programing provide an adequate basis for evaluating (A) the location, financing, and scheduling of individual public facility projects (including but not limited to hospitals and libraries; sewer, water, and sewage treatment facilities; highway, mass transit, airport, and other transportation facilities; and recreation and other open-space areas) whether or not federally assisted; and (B) other proposed land development or uses, which projects or uses, because of their size, density, type, or location, have public metropolitanwide or interjurisdictional significance;

"(2) adequate metropolitanwide institutional or other arrangements exist for coordinating, on the basis of such metropolitanwide comprehensive planning and programing, local public policies and activities affecting the development of the area; and

"(3) public facility projects and other land development or uses which have a major impact on the development of the area are, in fact, being carried out in accord with such metropolitanwide comprehensive planning and programing.

"(c) (1) Where the applicant for a grant under this section is a unit of general local government, it must demonstrate to the satisfaction of the Secretary that, taking into consideration the scope of its authority and responsibilities, it is adequately assuring that public facility projects and other land development or uses of public metropolitanwide or interjurisdictional significance are being, and will be, carried out in accord with metropolitan planning and programing meeting the requirements of subsection (b). In making this determination the Secretary shall give special consideration to whether the applicant is effectively assisting in, and conforming to, metropolitan planning and programing through (A) the location and scheduling of public facility projects, whether or not federally assisted; and (B) the establishment and consistent administration of zoning codes, subdivision regulations, and similar land-use and density controls.

"(2) Where the applicant for a grant under this section is not a unit of general local government, both it and the unit of general local government having jurisdiction over the location of the project must meet the requirements of this subsection.

"(d) In making the determinations required under this section, the Secretary shall obtain, and give full consideration to, the comments of the body or bodies (State or local) responsible for comprehensive planning and programing for the metropolitan area.

"(e) No grant shall be made under this section with respect to a metropolitan development project for which a Federal grant has been made, or a contract of assistance has been entered into, under the legislation referred to in paragraph (2) of section 208, prior to February 21, 1966, or more than one year prior to the date on which the Secretary has made the determinations required under this section with respect to the appli-

cant and to the area in which the project is located: *Provided*, That in the case of a project for which a contract of assistance under the legislation referred to in paragraph (2) of section 208 has been entered into after June 30, 1967, no grant shall be made under this section unless an application for such grant has been made on or before the date of such contract.

"(f) Nothing in this section shall authorize the Secretary to require (or condition the availability or amount of financial assistance authorized to be provided under this title upon) the adoption by any community of a program to achieve a racial balance or to eliminate racial imbalance within school districts within the metropolitanwide area.

"Extent of grant"

"SEC. 206. (a) A grant under section 205 shall not exceed (1) 20 per centum of the cost of the project for which the grant is made; nor (2) the Federal grant made with respect to the project under the legislation referred to in paragraph (2) of section 208. In no case shall the total Federal contributions to the cost of such project be more than 80 per centum. Notwithstanding any other provision of law, including requirements with respect to non-Federal contributions, grants under section 205 shall be eligible for inclusion (directly or through refunds or credits) as part of the financing for such projects: *Provided*, That projects or activities on the basis of which assistance is provided under section 105(c) shall not be eligible for assistance under section 205.

"(b) There are authorized to be appropriated for grants under section 205 not to exceed \$25,000,000 for the fiscal year ending June 30, 1967, and not to exceed \$50,000,000 for the fiscal year ending June 30, 1968. Appropriations authorized under this section shall remain available until expended.

"Consultation and certification"

"SEC. 207. In carrying out his authority under section 205, including the issuance of regulations, the Secretary shall consult with the Department of the Interior; the Department of Health, Education, and Welfare; the Department of Commerce; and the Federal Aviation Agency with respect to metropolitan development projects assisted by those departments and agencies; and he shall, for the purpose of section 206, accept their respective certifications as to the cost of those projects and the amount of the non-Federal contribution paid or to be paid to that cost.

"Definitions"

"SEC. 208. As used in this title—

"(1) 'Metropolitan development' means all projects or programs for the acquisition, use, and development of open-space land; and the planning and construction of hospitals, libraries, airports, water supply and distribution facilities sewerage facilities and waste treatment works, transportation facilities, highways, water development and land conservation, and other public works facilities.

"(2) 'Metropolitan development project' means a project assisted or to be assisted under section 702 of the Housing and Urban Development Act of 1965; title II of the Library Services and Construction Act; section 606 of the Public Health Service Act; section 8 of the Federal Water Pollution Control Act; section 120(a) of title 23, United States Code; section 12 of the Federal Airport Act; section 3 of the Urban Mass Transportation Act of 1964; title VII of the Housing Act of 1961; or section 5(e) of the Land and Water Conservation Fund Act of 1965; or under section 101(a)(1) of the Public Works and Economic Development Act of 1965 (for a project of a type which the Secretary determines to be eligible for assistance under any of the other provisions listed above).

"(3) 'State' means any State of the United

States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or an agency or instrumentality of any of the foregoing.

"(4) 'Metropolitan area' means a standard metropolitan statistical area as established by the Bureau of the Budget, subject however to such modifications and extensions as the Secretary may determine to be appropriate for the purposes of this title.

"(5) 'Comprehensive planning' includes the following, to the extent directly related to area needs or needs of a unit of general local government: (A) preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities, including transportation facilities; (B) programing of capital improvements based on a determination of relative urgency; (C) long-range fiscal plans for implementing such plans and programs; and (D) proposed regulatory and administrative measures which aid in achieving coordination of all related plans of the departments or subdivisions of the governments concerned and intergovernmental coordination of related planned activities among the State and local governmental agencies concerned.

"(6) 'Hospital' means any public health center or general, tuberculosis, mental, chronic disease, or other type of hospital and related facilities, such as laboratories, outpatient departments, nurses' home and training facilities, and central service facilities normally operated in connection with hospitals, but does not include any hospital furnishing primarily domiciliary care.

"(7) 'Areawide agency' means an official State or metropolitan or regional agency empowered under State or local laws or under an interstate compact or agreement to perform comprehensive planning in an area; an organization of the type referred to in section 701(g) of the Housing Act of 1954; or such other agency or instrumentality as may be designated by the Governor (or, in the case of metropolitan areas crossing State lines, any one or more of such agencies or instrumentalities as may be designated by the Governors of the States involved) to perform such planning.

"(8) 'Special purpose unit of local government' means any special district, public-purpose corporation, or other limited-purpose political subdivision of a State, but shall not include a school district.

"(9) 'Unit of general local government' means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

"(10) 'Secretary' means the Secretary of Housing and Urban Development.

"State limit"

"SEC. 209. Grants made under section 205 for projects in any one State shall not exceed in the aggregate 15 per centum of the aggregate amount of funds authorized to be appropriated pursuant to section 206(b).

"TITLE III—FHA INSURANCE OPERATIONS"

"FHA mortgage financing for veterans"

"SEC. 301. The next to last sentence of section 203(b)(2) of the National Housing Act is amended by striking out 'If the mortgagor is a veteran who has not received any direct, guaranteed, or insured loan under laws administered by the Veterans' Administration for the purchase, construction, or repair of a dwelling (including a farm dwelling) which was to be owned and occupied by him as his home,' and inserting in lieu thereof the following: 'If the mortgagor is a veteran,'

"Areas affected by civil disorders"

"SEC. 302. Section 203 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(1) The Secretary is authorized to insure under this section any mortgage meeting the

requirements of this section, other than the requirement in subsection (c) relating to economic soundness, if he determines that (1) the dwelling covered by the mortgage is situated in an area in which rioting or other civil disorders have occurred or are threatened, (2) as a result of such actual or threatened rioting or other disorders the property with respect to which the mortgage is executed cannot meet the normal requirements with respect to economic soundness, and (3) such property is an acceptable risk giving due consideration to the need for providing adequate housing for families of low and moderate income in such area.

"Cooperative housing insurance fund"

"SEC. 303. (a) Section 213(m) of the National Housing Act is amended by striking out 'but only in cases where the consent of the mortgagee or lender to the transfer is obtained or a request by the mortgagee or lender for the transfer is received by the Commissioner within such period of time after the date of the enactment of this subsection as the Commissioner shall prescribe'.

"(b) Section 213(n) of such Act is amended—

"(1) by striking out 'insured under this section and sections 207, 231, and 232' and inserting in lieu thereof 'the insurance of which is the obligation of either the Management Fund or the General Insurance Fund'; and

"(2) by adding at the end thereof the following new sentence: 'Premium charges on the insurance of mortgages or loans transferred to the Management Fund or insured pursuant to commitments transferred to the Management Fund may be payable in debentures which are the obligation of either the Management Fund or the General Insurance Fund.'

"(c) (1) The fourth sentence of section 213(k) of such Act is amended to read as follows: 'The Secretary is directed to transfer to the Management Fund from the General Insurance Fund an amount equal to the total of the premium payments theretofore made with respect to the insurance of mortgages and loans transferred to the Management Fund pursuant to subsection (m) minus the total of any administrative expenses theretofore incurred in connection with such mortgages and loans, plus such other amounts as the Secretary determines to be necessary and appropriate.'

"(2) The second proviso in section 213(1) of such Act is amended by striking out 'pursuant to subsection (k) or (o)' and inserting in lieu thereof 'pursuant to subsection (o)'.

"Supplementary financing for cooperative housing"

"SEC. 304. Section 213(j) (2) (A) of the National Housing Act is amended by adding at the end thereof the following: 'except that, in the case of improvements or additional community facilities, the outstanding indebtedness may be increased by an amount equal to 97 per centum of the amount which the Secretary estimates will be the value of such improvements or facilities, and the new outstanding indebtedness may exceed the original principal obligation of the mortgage if such new outstanding indebtedness does not exceed the limitations imposed by subsection (b)';

"Mortgage limits under section 220 sales housing mortgage insurance program"

"SEC. 305. (a) Section 220(d) (3) (A) (1) of the National Housing Act is amended by striking out '(3) 75 per centum of such replacement cost in excess of \$20,000' and inserting in lieu thereof '(3) 80 per centum of such replacement cost in excess of \$20,000'.

"(b) Section 220(d) (3) (A) (1) of such Act is further amended by adding before the semicolon at the end thereof the following: 'Provided further, That if the mortgagor is

a veteran and the mortgage to be insured under this section covers property upon which there is located a dwelling designed principally for a one-family residence, the principal obligation may be in an amount equal to the sum of (1) 100 per centum of \$15,000 of the Commissioner's estimate of replacement cost of the property, as of the date the mortgage is accepted for insurance, (2) 90 per centum of such replacement cost in excess of \$15,000 but not in excess of \$20,000, and (3) 85 per centum of such replacement cost in excess of \$20,000. As used herein, the term 'veteran' means any person who served on active duty in the Armed Forces of the United States for a period of not less than ninety days (or is certified by the Secretary of Defense as having performed extra-hazardous service), and who was discharged or released therefrom under conditions other than dishonorable'.

"Increased mortgage limitations under section 220(d) (3) (B) for small projects containing larger family dwelling units"

"SEC. 306. (a) Section 220(d) (3) (B) (iii) of the National Housing Act is amended by inserting after 'and except that' the following: 'with respect to rehabilitation projects involving not more than five family units, the Secretary may be regulation increase by 25 per centum any of the foregoing dollar amount limitations contained in this clause which are applicable to units with two, three, or four or more bedrooms: *Provided, That*'.

"(b) Section 220(d) (3) (B) (iii) of such Act is further amended—

"(1) by inserting immediately before 'by not to exceed 45 per centum' the following: '(as determined after the application of the preceding proviso)'; and

"(2) by striking out '*Provided, That nothing*' and inserting in lieu thereof '*Provided further, That nothing*'.

"Mortgage limits for homes under section 221(d) (2)"

"SEC. 307. Section 221(d) (2) (A) of the National Housing Act is amended by striking out '\$11,000' and '\$18,000' and inserting in lieu thereof '\$12,500' and '\$20,000', respectively.

"Nondwelling facilities in section 221 projects in urban renewal areas"

"SEC. 308. Section 221(f) of the National Housing Act is amended by inserting before the period at the end of the first sentence the following: 'Provided, That in the case of any such property or project located in an urban renewal area, the provisions of section 220(d) (3) (B) (iv) shall apply with respect to the nondwelling facilities which may be included in the mortgage if the mortgagor waives the right to receive dividends on its equity investment in the portion thereof devoted to community and shopping facilities'.

"Single occupants in section 221(d) (3) housing"

"SEC. 309. Section 221(f) of the National Housing Act is amended by adding at the end thereof the following new sentence: 'Low- and moderate-income persons who are less than 62 years of age shall be eligible for occupancy of dwelling units in a project financed with a mortgage insured under subsection (d) (3), but not more than 10 per centum of the dwelling units in any such project shall be available for occupancy by such persons.'

"INSURANCE OF MORTGAGES UNDER SECTION 221 TO FINANCE PURCHASE AND REHABILITATION BY NONPROFIT ORGANIZATIONS OF HOUSING FOR RESALE TO LOW-INCOME PURCHASERS"

"SEC. 310. (a) Section 221 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(h) (1) In addition to mortgages insured under the other provisions of this sec-

tion, the Secretary is authorized, upon application by the mortgagee, to insure under this subsection as hereinafter provided any mortgage (including advances under such mortgage during rehabilitation) which is executed by a nonprofit organization to finance the purchase and rehabilitation of deteriorating or substandard housing for subsequent resale to low-income home purchasers and, upon such terms and conditions as the Secretary may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

"(2) To be eligible for insurance under paragraph (1) of this subsection, a mortgage shall—

"(A) be executed by a private nonprofit corporation or association approved for purposes of this subsection by the Secretary, for the purpose of financing the purchase of property (comprising one or more tracts or parcels, whether or not contiguous) upon which there is located deteriorating or substandard housing consisting of five or more single-family dwellings of detached, semi-detached, or row construction and of rehabilitating such dwellings with a view to subsequent resale as hereinafter provided;

"(B) be secured by the property which is to be purchased and rehabilitated with the proceeds thereof;

"(C) be in a principal amount not exceeding the appraised value of the property at the time of its purchase under the mortgage plus the estimated cost of the rehabilitation;

"(D) bear interest (exclusive of premium charges for insurance and service charge, if any) at the rate in effect under the proviso in subsection (d) (5) at the time of execution;

"(E) provide for complete amortization (subject to paragraph (5) (E)) by periodic payments within such term as the Secretary may prescribe; and

"(F) provide for the release of individual single-family dwellings from the lien of the mortgage upon the sale of the rehabilitated dwellings in accordance with paragraph (5).

"(3) No mortgage shall be insured under paragraph (1) unless the mortgagor shall have demonstrated to the satisfaction of the Secretary that (A) the property to be rehabilitated is located in a neighborhood which is sufficiently stable and contains sufficient public facilities and amenities to support long-term values, or (B) the rehabilitation to be carried out by the mortgagor plus its related activities and the activities of other owners of housing in the neighborhood, together with actions to be taken by public authorities, will be of such scope and quality as to give reasonable promise that a stable environment will be created in the neighborhood.

"(4) The aggregate principal balance of all mortgages insured under paragraph (1) and outstanding at any one time shall not exceed \$20,000,000.

"(5) (A) No mortgage shall be insured under paragraph (1) unless the mortgagor enters into an agreement (in form and substance satisfactory to the Secretary) that it will offer to sell the dwellings involved, upon completion of their rehabilitation, to individuals or families (hereinafter referred to as 'low-income purchasers') determined by the Secretary to have incomes below the maximum amount specified (with respect to the area involved) in section 101(c) (1) of the Housing and Urban Development Act of 1965.

"(B) The Secretary is authorized to insure under this paragraph mortgages executed to finance the sale of individual dwellings to low-income purchasers as provided in subparagraph (A). Any such mortgage shall—

"(i) be in a principal amount equal to that portion of the unpaid balance of the

principal mortgage covering the property (insured under paragraph (1)) which is allocable to the individual dwelling involved; and

"(11) bear interest at the same rate as the principal mortgage, and provide for complete amortization by periodic payments within a term equal to the remaining term (determined without regard to subparagraph (E)) of such principal mortgage.

"(C) The price for which any individual dwelling is sold to a low-income purchaser under this paragraph shall be the amount of the mortgage covering the sale as determined under subparagraph (B), except that the purchaser shall in addition thereto be required to pay on account of the property at the time of purchase such amount (which shall not be less than \$200, but which may be applied in whole or in part toward closing costs) as the Secretary may determine to be reasonable and appropriate in the circumstances.

"(D) Upon the sale under this paragraph of any individual dwelling, such dwelling shall be released from the lien of the principal mortgage, and such mortgage shall thereupon be replaced by an individual mortgage insured under this paragraph to the extent of the portion of its unpaid balance which is allocable to the dwelling covered by such individual mortgage. Until all of the individual dwellings in the property covered by the principal mortgage have been sold, the mortgagor shall hold and operate the dwellings remaining unsold at any given time as though they constituted rental units in a project covered by a mortgage which is insured under subsection (d) (3) (and which receives the benefits of the interest rate provided for in the proviso in subsection (d) (5)).

"(E) Upon the sale under this paragraph of all of the individual dwellings in the property covered by the principal mortgage, and the release of all individual dwellings from the lien of the principal mortgage, the insurance of the principal mortgage shall be terminated and no adjusted premium charge shall be charged by the Secretary upon such termination.

"(F) Any mortgage insured under this paragraph shall contain a provision that if the low-income mortgagor does not continue to occupy the property the interest rate shall increase to the highest rate permissible under this section and the regulations of the Secretary effective at the time of commitment for insurance of the principal mortgage; except that the increase in interest rate shall not be applicable if the property is sold and the purchaser is (i) then nonprofit organization which executed the principal mortgage, (ii) a public housing agency having jurisdiction under the United States Housing Act of 1937 over the area where the dwelling is located, or (iii) a low-income purchaser approved for the purposes of this paragraph by the Secretary.

"(b) (1) Section 221(g) (1) of such Act is amended by inserting after 'paragraph (2) of subsection (d) of this section' the following: 'or paragraph (5) of subsection (h) of this section'.

"(2) Section 221(g) (2) of such Act is amended by inserting after 'paragraph (3) or (4) of subsection (d) of this section' the following: 'or paragraph (1) of subsection (h) of this section'.

"(c) Section 221(f) of such Act is amended by inserting after 'Housing Act of 1961,' in the fourth sentence 'or which meet the requirements of subsection (h),'.

"(d) Section 305(h) of such Act is amended by striking out 'section 221(d) (3)' and inserting in lieu thereof 'sections 221(d) (3) and 221(h)'.

"Application of Davis-Bacon Act to cooperative housing projects insured under section 221 (d) (3) and (d) (4) and mortgages insured under section 221(h) (1)

"SEC. 311. The third sentence of section 212(a) of the National Housing Act is amended by striking out 'subsection (d) (3) or (d) (4),' and inserting in lieu thereof 'subsection (d) (3) or (d) (4) and deeming the term "construction" as used in the first sentence of this subsection to mean rehabilitation) of any mortgage described in subsection (h) (1) which covers property on which there is located a dwelling or dwellings designed principally for residential use for more than eight families; except that compliance with such provisions may be waived by the Secretary—

"(1) with respect to mortgages described in such subsection (d) (3) or (d) (4), in cases or classes of cases where laborers or mechanics (not otherwise employed at any time in the construction of the project) voluntarily donate their services without compensation for the purpose of lowering their housing costs in a cooperative housing project and the Secretary determines that any amounts saved thereby are fully credited to the cooperative undertaking the construction, and

"(2) with respect to mortgages described in such subsection (h) (1), in cases or classes of cases where prospective owners of such dwellings voluntarily donate their services without compensation, or other persons (not otherwise employed at any time in the rehabilitation of the property) voluntarily donate their services without compensation, and the Secretary determines that any amounts saved thereby are fully credited to the nonprofit organization undertaking the rehabilitation."

"Waiver of deduction on assignment of property to Secretary in lieu of foreclosure"

"SEC. 312. Title V of the National Housing Act is amended by adding at the end thereof the following new section:

"Waiver of deduction on assignment of property to Secretary in lieu of foreclosure"

"SEC. 523. Notwithstanding any other provision of this Act, from and after the date of the enactment of the Demonstration Cities and Metropolitan Development Act of 1966, the Secretary, under such terms and conditions as he may approve, may waive all or a part of the 1 per centum deduction otherwise made from insurance benefits with respect to multifamily housing or land development mortgages assigned to him, where the assignment is made at his request in lieu of foreclosure of the mortgage."

"TITLE IV—LAND DEVELOPMENT AND NEW COMMUNITIES"

"Experimental mortgage insurance program for new communities"

"SEC. 401(a). Title X of the National Housing Act is amended by inserting after section 1003 the following new section 1004 and redesignating the remaining sections accordingly:

"New communities"

"SEC. 1004. (a) New communities consisting of developments, satisfying all other requirements under this title, may be approved under this section by the Secretary for mortgage insurance if they meet the requirements of subsection (b) of this section.

"(b) A development shall be eligible for approval as a new community if the Secretary determines it will, in view of its size and scope, make a substantial contribution to the sound and economic growth of the area within which it is located in the form of—

"(1) substantial economies, made possible through large-scale development in the provision of improved residential sites;

"(2) adequate housing to be provided for those who would be employed in the community or the surrounding area;

"(3) maximum accessibility from the new residential sites to industrial or other employment centers and commercial, recreational, and cultural facilities in or near the community; and

"(4) maximum accessibility to any major central city in the area.

"(c) No development shall be approved as a new community by the Secretary under this section unless the construction of such development has been approved by the local governing body or bodies of the locality or localities in which it will be located and by the Governor of the State in which such locality or localities are situated: *Provided*, That if such locality or localities have been delegated general powers of local self-government by State law or State constitution, as determined by the Secretary, the approval of the Governor shall not be required.

"(d) The aggregate amount of mortgages insured under this title with respect to new communities approved under this section and outstanding at any one time shall not exceed \$250,000,000."

"(b) No mortgage shall be insured under title X of the National Housing Act with respect to a new community approved under section 1004 of such Act (as added by subsection (a) of this section) after October 1, 1972, except pursuant to a commitment to insure entered into before that date.

"Mortgage amount and term"

"SEC. 402 (a) Section 1002(c) of the National Housing Act is amended by striking out '\$10,000,000' and inserting in lieu thereof '\$25,000,000'.

"(b) Section 1002(d) (1) of such Act is amended to read as follows:

"(1) contain repayment provisions satisfactory to the Secretary and have a maturity not to exceed seven years, or such longer maturity as the Secretary deems reasonable (A) in the case of a privately owned system for water or sewerage, and (B) in the case of a new community approved under section 1004;."

"Encouragement of small builders"

"SEC. 403. The section of the National Housing Act redesignated as section 1005 by section 401 of this Act is amended by inserting 'particularly small builders,' after 'broad participation by builders,'.

"Water and sewerage facilities"

"SEC. 404. The section of the National Housing Act redesignated as section 1006 by section 401 of this Act is amended to read as follows:

"SEC. 1006. After development of the land it shall be served by public systems for water and sewerage which are consistent with other existing or prospective systems within the area, except that—

"(a) in the case of systems for water, the land may be served by privately or cooperatively owned systems which are consistent with other existing or prospective systems within the area; are approved as adequate by the Secretary; and are regulated or supervised by the State or political subdivision or an agency thereof, or (in the absence of such State or local regulation or supervision) are otherwise regulated in a manner acceptable to the Secretary, with respect to user rates and charges, capital structure, methods of operation, rate of return, and conditions and terms of any sale or transfer; and

"(b) in the case of systems for sewerage, the land may be served by—

"(1) existing privately or cooperatively owned systems (including reasonable extensions thereto) which are approved as ade-

quate by the Secretary, and which are regulated or supervised by the State or political subdivision or an agency thereof, or (in the absence of such State or local regulation or supervision) are otherwise regulated in a manner acceptable to the Secretary; or

"(2) if it is necessary to develop a new system and the Secretary determines that public ownership of such a system is not feasible, an adequate privately or cooperatively owned new system (A) which he finds consistent with other existing or prospective systems within the area, (B) which during the period of such ownership will be regulated or supervised by the State or political subdivision or an agency thereof, or (in the absence of such State or local regulation or supervision) will be otherwise regulated in a manner acceptable to the Secretary, with respect to user rates and charges, capital structure, methods of operation, and rate of return, and (C) regarding which he receives assurances, satisfactory to him, with respect to eventual public ownership and operation of the system and with respect to the conditions and terms of any sale or transfer."

"Federal National Mortgage Association special assistance for new communities"

"Sec. 405. Section 302(b) of the National Housing Act is amended by inserting after 'or title VIII,' in the proviso the following: 'or under title X with respect to a new community approved under section 1004 thereof.'"

"Urban planning grants"

"Sec. 406. Section 701(a) (4) of the Housing Act of 1954 is amended by inserting before the semicolon at the end thereof the following: ', or for areas where rapid urbanization is expected to result on land developed or to be developed as a new community approved under section 1004 of the National Housing Act'."

"Public facility loans"

"Sec. 407. Section 202(b) (4) of the Housing Amendments of 1955 is amended by adding before the period at the end of the second sentence the following: ', or (iii) to be provided in connection with the establishment of a new community approved under section 1004 of the National Housing Act'."

"TITLE V—MORTGAGE INSURANCE FOR GROUP PRACTICE FACILITIES"

"Purpose"

"Sec. 501. It is the purpose of this title to assure the availability of credit on reasonable terms to units or organizations engaged in the group practice of medicine, optometry, or dentistry, particularly those in smaller communities and those sponsored by cooperative or other nonprofit organizations, to assist in financing the construction and equipment of group practice facilities."

"Establishment of program"

"Sec. 502. (a) The National Housing Act is amended by adding at the end thereof the following new title:

"TITLE XI—MORTGAGE INSURANCE FOR GROUP PRACTICE FACILITIES"

"Insurance of mortgages"

"Sec. 1101. (a) The Secretary is authorized (1) to insure mortgages (including advances on such mortgages during construction), upon such terms and conditions as he may prescribe, in accordance with the provisions of this title, and (2) to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon. No mortgage shall be insured under this title after October 1, 1969, except pursuant to a commitment to insure issued before that date."

"(b) To be eligible for insurance under this title, the mortgage shall (1) be executed by a mortgagor that is a group practice unit or organization, approved by the Secretary, (2) be made to and held by a mortgagee approved by the Secretary as responsible

and able to service the mortgage properly, and (3) cover a property or project which is approved for mortgage insurance prior to the beginning of construction or rehabilitation and is designed for use as a group practice facility which the Secretary finds will be constructed in an economical manner, will not be of elaborate or extravagant design or materials, and will be adequate and suitable for carrying out the purposes of this title. No mortgage shall be insured under this title unless it is shown to the satisfaction of the Secretary that the applicant would be unable to obtain the mortgage loan without such insurance on terms comparable to those specified in subsection (c)."

"(c) The mortgage shall—

"(1) not exceed \$5,000,000;

"(2) not exceed 90 per centum of the amount which the Secretary estimates will be the value of the property or project when construction or rehabilitation is completed. The value of the property may include the land and the proposed physical improvements, equipment, utilities within the boundaries of the property, architects' fees, taxes, and interest accruing during construction or rehabilitation, and other miscellaneous charges incident to construction or rehabilitation and approved by the Secretary; "(3) have a maturity satisfactory to the Secretary but not to exceed twenty-five years, and provide for complete amortization of the principal obligation by periodic payments within such term as the Secretary shall prescribe; and

"(4) bear interest (exclusive of premium charges for insurance, and service charges if any) at a rate of not to exceed 5 per centum per annum of the amount of the principal obligation outstanding at any time, or not to exceed such rate (not in excess of 6 per centum per annum) as the Secretary finds necessary to meet the mortgage market."

"(d) Any contract of insurance executed by the Secretary under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract for insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee."

"(e) Each mortgage insured under this title shall contain an undertaking (in accordance with regulations prescribed under this title and in force at the time the mortgage is approved for insurance) to the effect that, except as authorized by the Secretary and the mortgagee, the property will be used as a group practice facility until the mortgage has been paid in full or the contract of insurance otherwise terminated."

"(f) No mortgage shall be insured under this title unless the mortgagor and the mortgagee certify (1) that they will keep such records relating to the mortgage transaction and indebtedness, to the construction of the facility covered by the mortgage, and to the use of such facility as a group practice facility as are prescribed by the Secretary at the time of such certification, (2) that they will make such reports as may from time to time be required by the Secretary pertaining to such matters, and (3) that the Secretary shall have access to and the right to examine and audit such records."

"Premiums"

"Sec. 1102. The Secretary shall fix premium charges for the insurance of mortgages under this title, but such charges shall not be more than 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. In addition to the premium charge, the Secretary is authorized to charge and collect such amounts as he may deem reasonable for the analysis of a

proposed project and the appraisal and inspection of the property and improvements. Where the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the Secretary is authorized to require the payment by the mortgagee of an adjusted premium charge. This charge shall be in such amount as the Secretary determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured until the maturity date. Where such prepayment occurs, the Secretary is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid. Premium charges fixed under this section shall be payable by the mortgagee either in cash, or in debentures which are the obligation of the General Insurance Fund at par plus accrued interest, at such times and in such manner as may be prescribed by the Secretary."

"Payment of insurance benefits"

"Sec. 1103. The mortgagee shall be entitled to receive the benefits of the insurance under this title in the manner provided in subsection (g) of section 207 with respect to mortgages insured under that section. For such purpose the provisions of subsections (g), (h), (i), (j), (k), (l), and (n) of section 207 shall apply to mortgages insured under this title and all references in such subsections to section 207 shall be deemed to refer to this title."

"Regulations"

"Sec. 1104. The Secretary shall prescribe such regulations as may be necessary to carry out this title, after consulting with the Secretary of Health, Education, and Welfare with respect to any health or medical aspects of the program under this title which may be involved in such regulations."

"Administration"

"Sec. 1105. (a) At the request of individuals or organizations operating or contemplating the operation of group practice facilities (as defined in section 1106(1)), the Secretary may provide or obtain technical assistance in the planning for and construction of such facilities."

"(b) With a view to avoiding unnecessary duplication of existing staffs and facilities of the Federal Government, the Secretary is authorized to utilize available services and facilities of any agency of the Federal Government in carrying out the provisions of this title, and to pay for such services and facilities, either in advance or by way of reimbursement, in accordance with an agreement between the Secretary and the head of such agency."

"Definitions"

"Sec. 1106. For the purposes of this title—

"(1) The term 'group practice facility' means a facility in a State for the provision of preventive, diagnostic, and treatment services to ambulatory patients (in which patient care is under the professional supervision of persons licensed to practice medicine in the State or, in the case of optometric care or treatment, is under the professional supervision of persons licensed to practice optometry in the State, or, in the case of dental diagnosis or treatment, is under the professional supervision of persons licensed to practice dentistry in the State) and which is primarily for the provision of such health services by a medical or dental group."

"(2) The term 'medical or dental group' means a partnership or other association or group of persons licensed to practice medicine or surgery in the State, or of persons licensed to practice optometry in the State, or of persons licensed to practice dentistry in the State, or of any combination of such

persons, who, as their principal professional activity and as a group responsibility, engage or undertake to engage in the coordinated practice of their profession primarily in one or more group practice facilities, and who (in this connection) share common overhead expenses (if and to the extent such expenses are paid by members of the group), medical and other records, and substantial portions of the equipment and the professional, technical, and administrative staffs, and which partnership or association or group is composed of at least such professional personnel and make available at least such health services as may be provided in regulations prescribed under this title.

"(3) The term 'group practice unit or organization' means—

"(A) a private nonprofit agency or organization undertaking to provide, directly or through arrangements with a medical or dental group, comprehensive medical care, optometric care, or dental care, or any combination thereof, which may include hospitalization, to members or subscribers primarily on a group practice prepayments basis; or

"(B) a private nonprofit agency or organization established for the purpose of improving the availability of medical, optometric, or dental care in the community or having some function or functions related to the provision of such care, which will, through lease or other arrangement, make the group practice facility with respect to which assistance has been requested under this title available to a medical or dental group for use by it.

"(4) The term 'nonprofit organization' means a corporation, association, foundation, trust, or other organization no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual except, in the case of an organization the purposes of which include the provision of personal health services to its members or subscribers or their dependents under a plan of such organization for the provision of such services to them (which plan may include the provision of other services or insurance benefits to them), through the provision of such health services (or such other services or insurance benefits) to such members or subscribers or dependents under such plan.

"(5) The term 'State' includes the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the District of Columbia.

"(6) The term 'mortgage' means a first mortgage on real estate in fee simple, or on the interest of either the lessor or lessee thereof (A) under a lease for not less than ninety-nine years which is renewable, or (B) under a lease having a period of not less than fifty years to run from the date the mortgage was executed. The term 'first mortgage' means such classes of first liens as are commonly given to secure advances (including but not limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and any mortgage may be in the form of one or more trust mortgages or mortgage indentures or deeds of trust, securing notes, bonds, or other credit instruments, and, by the same instrument or by a separate instrument, may create a security interest in initial equipment, whether or not attached to the realty.

"(7) The term 'mortgagee' means the original lender under a mortgage, and his or its successors and assigns, and includes the holders of credit instruments issued under a trust mortgage or deed of trust pursuant to which such holders act by and through a trustee named therein.

"(8) The term 'mortgagor' means the original borrower under a mortgage and his or its successors and assigns."

"(b) The first sentence of section 227 of such Act is amended by inserting after 'new or rehabilitated multifamily housing' the following: 'or a property or project described in title XI'."

"Labor standards

"SEC. 503. Section 212(a) of the National Housing Act is amended by adding at the end thereof the following new sentence: 'The provisions of this section shall also apply to the insurance of any mortgage under title XI; and each laborer or mechanic employed on any facility covered by a mortgage insured under such title shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be.'

"Amendments to other Federal laws

"SEC. 504. (a) (1) The sixth sentence of paragraph 'Seventh' of section 5136 of the Revised Statutes, as amended (12 U.S.C. 24), is amended by inserting after 'Federal Home Loan Banks,' the following: 'or obligations which are insured by the Secretary of Housing and Urban Development under title XI of the National Housing Act'.

"(2) The third sentence of the first paragraph of section 24 of the Federal Reserve Act, as amended (12 U.S.C. 371), is amended by inserting after 'or sections 1471-1484 of title 42,' the following: 'or which are insured by the Secretary of Housing and Urban Development pursuant to title XI of the National Housing Act'.

"(b) Subsection (a) of section 304 of the Trust Indenture Act of 1939 (15 U.S.C. 77ddd) is amended by striking out the word 'or' at the end of paragraph (8); by striking out the period at the end of paragraph (9) and inserting in lieu thereof a semicolon and the word 'or'; and by adding after paragraph (9) a new paragraph as follows:

"(10) any security issued under a mortgage or trust deed indenture as to which a contract of insurance under title XI of the National Housing Act is in effect; and any such security shall be deemed to be exempt from the provisions of the Securities Act of 1933 to the same extent as though such security were specifically enumerated in section 3(a)(2), as amended, of the Securities Act of 1933 (15 U.S.C. 77c(a)(2))."

"(c) Section 263 of chapter X of the Bankruptcy Act (11 U.S.C. 663) is amended by adding at the end thereof the following: 'Nothing contained in this chapter shall be deemed to affect or apply to the creditors of any corporation under a mortgage insured pursuant to title XI of the National Housing Act.'

"TITLE VI—PRESERVATION OF HISTORIC STRUCTURES

"Preservation of historic structures as part of urban renewal projects

"SEC. 601. (a) Section 110(b) of the Housing Act of 1949 is amended by inserting 'historic and architectural preservation,' after 'land acquisition'.

"(b) Section 110(c)(6) of such Act is amended by inserting 'to promote historic and architectural preservation,' after 'deterioration'.

"(c) Section 110(c) of such Act is further amended by striking out 'and' at the end of clause (8), and by striking out clause (9) and inserting in lieu thereof the following:

"(9) relocation within or outside the project area of structures which will be restored and maintained for architectural or historic purposes; and

"(10) restoration of acquired properties of historic or architectural value."

"Local grant-in-aid credit for relocation and restoration of historic structures

"SEC. 602. Clause (2) of section 110(d) of the Housing Act of 1949 is amended by striking out 'clause (2) and clause (3)' and

inserting in lieu thereof 'clauses (2), (3), (9), and (10)'."

"Grants to National Trust for Historic Preservation to cover restoration costs

"SEC. 603. (a) The Secretary of Housing and Urban Development is authorized to make grants to the National Trust for Historic Preservation, on such terms and conditions and in such amounts (not exceeding \$90,000 with respect to any one structure) as he deems appropriate, to cover the costs incurred by such Trust in renovating or restoring structures which it considers to be of historic or architectural value and which it has accepted and will maintain (after such renovation or restoration) for historic purposes.

"(b) There are authorized to be appropriated such sums as may be necessary for the grants to be made under subsection (a).

"Urban planning grants for surveys of historic structures

"SEC. 604. Section 701 of the Housing Act of 1954 is amended by adding at the end thereof the following new subsection:

"(h) In addition to the other grants authorized by this section, the Secretary is authorized to make grants to assist any city, other municipality, or county in making a survey of the structures and sites in such locality which are determined by its appropriate authorities to be of historic or architectural value. Any such survey shall be designed to identify the historic structures and sites in the locality, determine the cost of their rehabilitation or restoration, and provide such other information as may be necessary or appropriate to serve as a foundation for a balanced and effective program of historic preservation in such locality. The aspects of any such survey which relate to the identification of historic and architectural values shall be conducted in accordance with criteria found by the Secretary to be comparable to those used in establishing the National Register maintained by the Secretary of the Interior under other provisions of law; and the results of each such survey shall be made available to the Secretary of the Interior. A grant under this subsection shall not exceed two-thirds of the cost of the survey for which it is made, and shall be made to the appropriate agency or entity specified in paragraphs (1) through (9) of subsection (a) or, if there is no such agency or entity which is qualified and willing to receive the grant and provide for its utilization in accordance with this subsection, directly to the city, other municipality, or county involved."

"Grants for historic preservation

"SEC. 605. (a) The heading of title VII of the Housing Act of 1961 is amended to read as follows:

"TITLE VII—OPEN-SPACE LAND, URBAN BEAUTIFICATION, AND HISTORIC PRESERVATION"

"(b) Section 701 of such Act is amended by redesignating subsection (c) as subsection (d), and by inserting after subsection (b) a new subsection as follows:

"(c) The Congress further finds that there is a need for timely action to preserve and restore areas, sites, and structures of historic or architectural value in order that these remaining evidences of our past history and heritage shall not be lost or destroyed through the expansion and development of the Nation's urban areas."

"(c) Section 701(d) of such Act (as redesignated by subsection (b) of this section) is amended—

"(1) by inserting after 'urban development,' the following: 'to assist in preserving areas and properties of historic or architectural value;'; and

"(2) by striking out 'and (2)' and inserting in lieu thereof '(2) acquire, improve, and restore areas, sites, and structures of historic or architectural value, and (3)'."

"(d) Section 702(e) of such Act is amended to read as follows:

"(e) The Secretary shall consult with the Secretary of the Interior on the general policies to be followed in reviewing applications for grants under this title. To assist the Secretary in such review, the Secretary of the Interior shall furnish him (1) appropriate information on the status of national and statewide recreation and historic preservation planning as it affects the areas to be assisted with such grants, and (2) the current listing of any districts, sites, buildings, structures, and objects significant in American history, architecture, archeology, and culture which may be contained on a National Register maintained by the Secretary of the Interior pursuant to other provisions of law. The Secretary shall provide current information to the Secretary of the Interior from time to time on significant program developments."

"(e) Section 706 of such Act is amended by striking out the proviso.

"(f) Section 708 of such Act is amended by inserting '(a)' after 'Sec. 708.', by inserting '(b)' before 'The' in the second paragraph, and by adding at the end thereof a new subsection as follows:

"(c) Notwithstanding any other provision of this title, the Secretary may use not to exceed \$10,000,000 of the sum authorized for contracts under this title for the purpose of entering into contracts to make grants in amounts not to exceed 90 per centum of the cost of activities which he determines have special value in developing and demonstrating new and improved methods and materials for use in carrying out the purposes of this title."

"(g) Title VII of such Act is amended by redesignating section 709 as section 710, and by adding after section 708 a new section as follows:

"Grants for historic preservation

"Sec. 709. The Secretary is authorized to enter into contracts to make grants to States and local public bodies to assist in the acquisition of title to or other permanent interests in areas, sites, and structures of historic or architectural value in urban areas, and in their restoration and improvement for public use and benefit, in accord with the comprehensively planned development of the locality. The amount of any such grant shall not exceed 50 per centum of the total cost, as approved by the Secretary, of the assisted activities. The remainder of such cost shall be provided from non-Federal sources."

"(h) Commencing three years after the date of the enactment of this Act, no grant shall be made (except pursuant to a contract or commitment entered into less than three years after such date) under section 709 of the Housing Act of 1961 or section 701(h) of the Housing Act of 1954, or under section 103 of the Housing Act of 1949 to the extent that it is to be used for historic or architectural preservation, except with respect to districts, sites, buildings, structures, and objects which the Secretary of Housing and Urban Development finds meet criteria comparable to those used in establishing the National Register maintained by the Secretary of the Interior pursuant to other provisions of law.

"TITLE VII—URBAN RENEWAL

"Local grants-in-aid

"Sec. 701. Section 110(d) of the Housing Act of 1949 is amended by inserting immediately after the colon at the end of the first proviso the following: 'Provided further, That any publicly owned facility, the construction of which was begun not earlier than three years prior to the date of enactment of the Demonstration Cities and Metropolitan Development Act of 1966, shall be deemed to benefit an urban renewal project or projects to the extent of 25 per centum of the

total benefits of such facility, or \$3,500,000, whichever is less, if such facility (A) (i) is used, or is to be used, by the public predominantly for cultural, exhibition, or civic purposes, or is a city hall or a public safety building, or (ii) is a facility, constructed or rehabilitated by a public university, which is or will be devoted to the treatment of physical or mental disabilities and illness or to medical research; (B) is located within, adjacent to, or in the immediate vicinity of such urban renewal project or projects; (C) is found to contribute materially to the objectives of the urban renewal plan or plans for such project or projects; and (D) is not otherwise eligible as a local grant-in-aid."

"Air rights sites in urban renewal projects

"Sec. 702. (a) Section 110(c) (1) of the Housing Act of 1949 is amended by inserting in clause (iv), between the word "income" and the colon immediately preceding the first proviso, the following: "or, if the area is found by the local public agency to be unsuitable for use for low or moderate income housing, for use for industrial development".

"(b) Section 110(c) (7) of such Act is amended by inserting immediately before the semicolon the following: ', or construction of foundations and platforms necessary for the provision of air rights sites for industrial development'."

"Additional requirements for redevelopment of urban renewal area

"Sec. 703. (a) Section 105 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

"(f) The redevelopment of the urban renewal area, unless such redevelopment is for predominantly nonresidential uses, will provide a substantial number of units of standard housing of low and moderate cost and result in marked progress in serving the poor and disadvantaged people living in slum and blighted areas."

"(b) The amendment made by subsection (a) shall apply only in the case of contracts for loans or capital grants which are made with respect to urban renewal projects undertaken pursuant to urban renewal plans approved after the date of the enactment of this Act.

"Three-fourths grants for projects in certain redevelopment areas

"Sec. 704. Section 103(a) (2) (B) of the Housing Act of 1949 is amended by inserting after 'to avoid hardship,' the following: 'or at any time after such contract or contracts are entered into and prior to the time the final grant payment has been made pursuant thereto'."

"Expenditures by educational institutions and hospitals

"Sec. 705. Section 112(a) of the Housing Act of 1949 is amended by inserting before the period at the end thereof the following: "Provided further, That no such expenditure shall be deemed ineligible as a local grant-in-aid in connection with an urban renewal project, to the extent that the expenditure is otherwise eligible, if the facilities, land, buildings, or structures with respect to which the expenditure is made are located within one mile of the project."

"Requirement of separate sewer systems in redevelopment of urban renewal area

"Sec. 706. Section 105 of the Housing Act of 1949 is amended by adding at the end thereof (after the new subsection added by section 703 of this Act) the following new subsection:

"(g) Consideration has been given to development of a sewer system to serve the urban renewal area which will, to the maximum extent feasible, provide for effective control of storm and sanitary wastes."

"TITLE VIII—RURAL HOUSING

"Sec. 801. Section 501(a) of the Housing Act of 1949 is amended by striking out 'previously occupied' wherever it appears.

"Sec. 802. Section 502(a) of the Housing Act of 1949 is amended by striking out 'In cases of applicants who are elderly persons, the' and inserting in lieu thereof 'The'."

"Sec. 803. Section 504 of the Housing Act of 1949 is amended by striking out '\$1,000' and inserting in lieu thereof '\$1,500'."

"Sec. 804. (a) Section 515(a) of the Housing Act of 1949 is amended by inserting after 'income' the following: 'or other persons and families of low income'."

"(b) Section 515(d) (1) of such Act is amended by striking out 'elderly persons or elderly families' and inserting in lieu thereof 'occupants eligible under this section'."

"Sec. 805. (a) Subsections (a) and (b) of section 515 of the Housing Act of 1949 are each amended by striking out 'rental housing' and inserting in lieu thereof 'rental or cooperative housing'."

"(b) Section 515(b) of such Act is amended by inserting after 'families' the following: 'or other persons and families of moderate income'."

"(c) Section 515(d) (4) of such Act is amended by adding at the end thereof the following: 'Such fees and charges may include payments to qualified consulting organizations or foundations which operate on a nonprofit basis and which render services or assistance to nonprofit corporations or consumer cooperatives who provide housing and related facilities.'"

"Sec. 806. Section 517(a) (1) of the Housing Act of 1949 is amended—

"(1) by inserting 'and' before '(b)'; and

"(2) by striking out ', and (C)' and all that follows and inserting in lieu thereof the following: 'but no loan under this paragraph shall be insured or made after October 1, 1969, except pursuant to a commitment entered into before that date; and'."

"Sec. 807. (a) Section 501(a) of the Housing Act of 1949 is amended by inserting before the period at the end thereof the following: ', and (4) to an owner described in clause (1), (2), or (3) for refinancing indebtedness which—

"(A) was incurred for an eligible purpose described in such clause,

"(B) if not refinanced, is likely to result at an early date in loss of the applicant's necessary dwelling or essential farm service buildings,

"(C) is not held or insured by the United States or any agency thereof, and

"(D) was incurred prior to the enactment of this clause."

"(b) Section 501(c) of such Act is amended by inserting before the semicolon at the end of clause (1) the following: ', or that he is the owner of a farm or other real estate in a rural area who needs refinancing of indebtedness described in clause (4) of subsection (a)'."

"TITLE IX—URBAN INFORMATION AND TECHNICAL ASSISTANCE SERVICES

"Purpose

"Sec. 901. It is the purpose of this title to assist States to make available information and data on urban needs and assistance programs and activities, and to provide technical assistance, to small communities with respect to the solution of urban problems."

"Grant authority

"Sec. 902. (a) The Secretary is authorized to make grants to States to help finance programs to provide information and data on urban needs and assistance programs and activities, and to provide technical assistance, to small communities with respect to the solution of local problems. Activities aided by such grants may include—

"(1) the assembly, correlation, and dissemination of urban physical, social, and economic development information and data for the purpose of informing local governments of small communities, and interested organizations and individuals, of the availability and status of Federal, State, and local

programs and other resources and data for the solution of urban problems; and

"(2) providing technical assistance with respect to the solution of urban problems to any small community requesting such assistance.

"(b) A program assisted under this section shall—

"(1) specify the information and technical assistance activities to be carried on and justify the needs for the costs of such activities; and

"(2) represent substantially increased or improved activities on the part of the applicant State agency.

"Amount of grant

"SEC. 903. (a) A grant under this section shall not exceed 50 per centum of the cost of the activities carried on under an approved urban information and technical assistance program.

"(b) No grant shall be made under this title to assist in assembling data, or providing information, to be used primarily in the day to day operations of State or local governing bodies and agencies.

"Cooperation and coordination

"SEC. 904. (a) Federal departments and agencies shall cooperate with States in providing information to assist in carrying out the purpose of this title.

"(b) In the administration of this title, the Secretary shall seek to ensure the greatest practicable coordination of urban information and technical assistance programs established under this title.

"Definitions

"SEC. 905. As used in this title—

"(1) 'State' means any State of the United States, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, or an agency or instrumentality designated by the chief executive of any of the foregoing, or a statewide agency or instrumentality of its political subdivisions designated by such chief executive.

"(2) 'Secretary' means the Secretary of Housing and Urban Development.

"(3) 'Small communities' means communities having populations of less than one hundred thousand according to the most recent decennial census.

"Appropriations

"SEC. 906. There are authorized to be appropriated for the purpose of carrying out the provisions of this title not to exceed \$2,500,000 for the fiscal year ending June 30, 1967, and not to exceed \$5,000,000 for the fiscal year ending June 30, 1968. Appropriations authorized under this section shall remain available until expended.

"TITLE X—MISCELLANEOUS

"Housing for the elderly or handicapped

"SEC. 1001. Section 105(b) of the Housing and Urban Development Act of 1965 is amended—

"(1) by inserting '(1)' after '(b)';

"(2) by striking out 'Effective with respect to loans made on or after the date of the enactment of this Act, section' and inserting in lieu thereof 'Section'; and

"(3) by adding at the end thereof a new paragraph as follows:

"(2) The interest rate provided by the amendment made in paragraph (1) shall be applicable (A) with respect to any loan made on or after August 10, 1965, and (B) with respect to any loan made prior to such date if construction of the housing or related facilities to be assisted by such loan was not commenced prior to such date, and not completed prior to the filing of an application for the benefits of such interest rate."

"Low-rent housing in private accommodations—Term of lease

"SEC. 1002. Section 23(d) of the United States Housing Act of 1937 is amended by striking out 'thirty-six months' and inserting in lieu thereof 'sixty months.'

"Application of Davis-Bacon Act to low-rent housing projects consisting of privately built housing

"SEC. 1003. Section 16(2) of the United States Housing Act of 1937 is amended by inserting after 'the development of the project involved' the following: '(including a project for the use of privately built housing, in any case, other than under the authority of section 23 of this Act, where the public housing agency and the builder or sponsor enter into an agreement for such use before construction or rehabilitation is commenced), and that each such laborer or mechanic shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be'.

"Assistance for housing in Alaska

"SEC. 1004. (a) The Secretary of Housing and Urban Development (hereinafter referred to as the 'Secretary') is authorized to make loans and grants to the State of Alaska, or any duly authorized agency or instrumentality thereof, in accordance with a statewide program prepared by such State, agency, or instrumentality, and approved by the Secretary, to assist in the provision of housing and related facilities for Alaska natives and other Alaska residents who are otherwise unable to finance such housing and related facilities upon terms and conditions which they can afford. The program shall (1) specify the minimum and maximum standards for such housing and related facilities (not to exceed an average of \$7,500 per dwelling unit); (2) to the extent feasible, encourage the proposed users of such housing and related facilities to utilize mutual and self-help in the construction thereof; and (3) provide experience and encourage continued participation, in self-government and individual homeownership.

"(b) Grants under this section shall not exceed 75 per centum of the aggregate cost of the housing and related facilities to be constructed under an approved program.

"(c) There is authorized to be appropriated not to exceed \$10,000,000 to carry out the purposes of this section.

"Federal National Mortgage Association participation in Federal Housing Administration-insured construction financing

"SEC. 1005. Section 305 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(1) In any case where the Association makes a commitment to purchase under this section (1) a mortgage insured under section 213, (2) a mortgage insured under section 220, or (3) a mortgage insured under section 221(d)(3) and executed by a co-operative (including an investor-sponsor), a limited dividend corporation, a private non-profit corporation or association, or a mortgagor qualified under section 221(e), such commitment may provide for participation by the Association in the making of insured advances on the mortgage during construction. Such participation shall be limited to 95 per centum of the amount of each of the advances involved, and the mortgagee providing the balance of such amount shall perform all necessary servicing and processing of such advances until the final insurance endorsement of the mortgage. The Secretary of Housing and Urban Development

shall approve the reasonableness of the fee to be paid a participating mortgagee, taking into account its services and the extent of its participation in the advances."

"Federal National Mortgage Association special assistance for financing low-cost homes

"SEC. 1006. The Congress hereby finds that the sharp decline in new home construction over the past year threatens to undercut our present high level of prosperity and employment as such declines have in the past; that the substantial reduction which has taken place has had its greatest impact on families of modest income who are seeking to achieve the goal of homeownership; that this decline in homebuilding is due primarily to the shortage of mortgage financing on terms which moderate income families can afford; and that our national policy objectives in the field of housing and community development are thereby being thwarted. The Congress therefore expresses its intent that the special assistance funds made available to the Federal National Mortgage Association for the financing of new low-cost homes by the Act of September 10, 1966 (Public Law 89-556), should be released immediately to halt the continuing decline in the construction of new homes for families of moderate income.

"Federal National Mortgage Association standby commitments

"SEC. 1007. Section 304(a)(1) of the National Housing Act is amended by striking out the last sentence.

"Planning grants for research on State statutes affecting local governments

"SEC. 1008. Section 701(b) of the Housing Act of 1954 is amended by inserting before the period at the end thereof the following: ', and for grants to assist in the conduct of studies and research relating to needed revisions in State statutes which create, govern, or control local governments and local governmental operations'.

"Public facility loans

"SEC. 1009. Section 202 of the Housing Amendments of 1955 is amended by adding at the end thereof a new subsection as follows:

"(f) The restrictions and limitations set forth in subsection (c) of this section shall not apply to assistance to municipalities, other political subdivisions and instrumentalities of one or more States, and Indian tribes, for specific projects for cultural centers, including but not limited to, museums, art centers and galleries, and theaters and other physical facilities for the performing arts, which would be of cultural, educational, and informational value to the communities and areas where the centers would be located."

"Applying advances in technology to housing and urban development

"SEC. 1010. (a) To encourage and assist the housing industry to continue to reduce the cost and improve the quality of housing by the application to home construction of advances in technology, and to encourage and assist the application of advances in technology to urban development activities, the Secretary of Housing and Urban Development (hereinafter referred to as the 'Secretary') is directed to—

"(1) conduct research and studies to test and demonstrate new and improved techniques and methods of applying advances in technology to housing construction, rehabilitation, and maintenance, and to urban development activities; and

"(2) encourage and promote the acceptance and application of new and improved

techniques and methods of constructing, rehabilitating, and maintaining housing, and the application of advances in technology to urban development activities, by all segments of the housing industry, communities, industries engaged in urban development activities, and the general public.

"(b) Research and studies conducted under this section shall be designed to test and demonstrate the applicability to housing construction, rehabilitation, and maintenance, and urban development activities, of advances in technology relating to (1) design concepts, (2) construction and rehabilitation methods, (3) manufacturing processes, (4) materials and products, and (5) building components.

"(c) The Secretary is authorized to carry out the research and studies authorized by this section either directly or by contract with public or private bodies or agencies, or by working agreement with departments and agencies of the Federal Government, as he may determine to be desirable. Contracts may be made by the Secretary for research and studies authorized by this section for work to continue not more than two years from the date of any such contract.

"(d) There are authorized to be appropriated to carry out the provisions of this section not to exceed \$5,000,000 for the fiscal year ending June 30, 1967, and not to exceed \$10,000,000 for the fiscal year ending June 30, 1968. All funds so appropriated shall remain available until expended.

"(e) Nothing contained in this section shall limit any authority of the Secretary under title III of the Housing Act of 1948, section 602 of the Housing Act of 1956, or any other provision of law.

"Urban environmental studies"

"SEC. 1011. (a) The Congress finds that, with the ever-increasing concentration of the Nation's population in urban centers, there has occurred a marked change in the environmental conditions under which most people live and work; that such change is characterized by the progressive substitution of a highly complex, man-contrived environment for an environment conditioned primarily by nature; that the beneficent or malignant influence of environment on all living creatures is well recognized; and that much more knowledge is urgently needed concerning the effect on human beings of highly urbanized surroundings. It is the purpose of this section to authorize a comprehensive program of research, studies, surveys, and analyses to improve understanding of the environmental conditions necessary for the well-being of an urban society, and for the intelligent planning and development of viable urban centers.

"(b) In order to carry out the purpose of this section, the Secretary is authorized and directed to—

"(1) conduct studies, surveys, research, and analyses with respect to the ecological factors involved in urban living;

"(2) document and define urban environmental factors which need to be controlled or eliminated for the well-being of urban life;

"(3) establish a system of collecting and receiving information and data on urban ecological research and evaluations which are in process or are being planned by public or private agencies, or individuals;

"(4) evaluate and disseminate information pertaining to urban ecology to public and private agencies or organizations, or individuals, in the form of reports or otherwise;

"(5) initiate and utilize urban ecological information in urban development projects initiated or assisted by the Department of Housing and Urban Development; and

"(6) establish through interagency consultation the coordinated utilization of urban ecological information in projects

undertaken or assisted by the Federal Government which affect the growth or development of urban areas.

"(c) (1) The Secretary is authorized to establish such advisory committees as he deems desirable for the purpose of rendering advice and submitting recommendations for carrying out the purpose of this section. Such advisory committees shall render such advice to the Secretary upon his request and may submit such recommendations to the Secretary at any time on their own initiative. The Secretary may designate employees of the Department of Housing and Urban Development to assist such committees.

"(2) Members of such advisory committees shall receive not to exceed \$100 per day when engaged in the actual performance of their duties, in addition to reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties.

"(d) The Secretary is authorized to carry out the studies, surveys, research, and analyses authorized by this section either directly or by contract with public or private bodies or agencies, or by working agreement with departments and agencies of the Federal Government, as he may determine to be desirable. Contracts may be made by the Secretary for work under this subsection to continue not more than two years from the date of any such contract.

"(e) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section. All funds so appropriated shall remain available until expended when so provided in appropriation Acts.

"Mortgage relief for certain homeowners"

"SEC. 1012. That part of section 107 of the Housing and Urban Development Act of 1965 which precedes subsection (f) is amended to read as follows:

"*"Mortgage relief for certain homeowners"*
"(SEC. 107. (a) For the purposes of this section—

"(1) The term "mortgage" means a mortgage which (A) is insured under the National Housing Act, or (B) secures a home loan guaranteed or insured under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code.

"(2) The term "Federal mortgage agency" means—

"(A) the Secretary of Housing and Urban Development when used in connection with mortgages insured under the National Housing Act, and

"(B) the Administrator of Veterans' Affairs when used in connection with mortgages securing home loans guaranteed or insured under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code.

"(3) The term "distressed mortgagor" means an individual who—

"(A) was employed by the Federal Government at, or was assigned as a serviceman to, a military base or other Federal installation and whose employment or service at such base or installation was terminated subsequent to November 1, 1964, as the result of the closing (in whole or in part) of such base or installation; and

"(B) is the owner-occupant of a dwelling situated at or near such base or installation and upon which there is a mortgage securing a loan which is in default because of the inability of such individual to make payments due under such mortgage.

"(b) (1) Any distressed mortgagor, for the purpose of avoiding foreclosure of his mortgage, may apply to the appropriate Federal mortgage agency for a determination that suspension of his obligation to make payments due under such mortgage during a temporary period is necessary in order to avoid such foreclosure.

"(2) Upon receipt of an application made under this subsection by a distressed mortgagor, the Federal mortgage agency shall issue to such mortgagor a certificate of moratorium if it determines, after consultation with the interested mortgagee, that such action is necessary to avoid foreclosure.

"(3) Prior to the issuance to any distressed mortgagor of a certificate of moratorium under paragraph (2), the Federal mortgage agency, the mortgagor, and the mortgagee shall enter into a binding agreement under which—

"(A) the mortgagor will be required to make payments to such agency, after the expiration of such certificate, in an aggregate amount equal to the amount paid by such agency on behalf of such mortgagor as provided in subsection (c), together with interest thereon at a rate not to exceed the rate provided in the mortgage; the manner and time in which such payments shall be made to be determined by the Federal mortgage agency having due regard for the purposes sought to be achieved by this section; and

"(B) the Federal mortgage agency will be subrogated to the rights of the mortgagee to the extent of payments made pursuant to such certificate, which rights, however, shall be subject to the prior right of the mortgagee to receive the full amount payable under the mortgage.

"(4) Any certificate of moratorium issued under this subsection shall expire on whichever of the following dates is the earliest—

"(A) two years from the date on which such certificate was issued;

"(B) thirty days after the date on which the mortgagor gives notice in writing to the Federal mortgage agency that he is able to resume his obligation to make payments due under his mortgage; or

"(C) thirty days after the date on which the Federal mortgage agency determines that the mortgagor to whom such certificate was issued has ceased to be a distressed mortgagor as defined in subsection (a) (3).

"(c) (1) Whenever a Federal mortgage agency issues a certificate of moratorium to any distressed mortgagor with respect to any mortgage, it shall transmit to the mortgagee a copy of such certificate, together with a notice stating that, while such certificate is in effect, such agency will assume the obligation of such mortgagor to make payments due under the mortgage.

"(2) Payments made by any Federal mortgage agency pursuant to a certificate of moratorium issued under this section with respect to the mortgage of any distressed mortgagor may include, in addition to the payments referred to in paragraph (1), an amount equal to the unpaid payments under such mortgage prior to the issuance of such certificate, plus a reasonable allowance for foreclosure costs actually paid by the mortgagee if a foreclosure action was dismissed as a result of the issuance of a moratorium certificate. Payments by the Federal mortgage agency may also include payments of taxes and insurance premiums on the mortgaged property as deemed necessary when these items are not provided for through payments to a tax and insurance account held by the interested mortgagee.

"(3) While any certificate of moratorium issued under this section is in effect with respect to the mortgage of any distressed mortgagor, no further payments due under the mortgage shall be required of such mortgagor, and no action (legal or otherwise) shall be taken or maintained by the mortgagee to enforce or collect such payments. Upon the expiration of such certificate, the mortgagor shall again be liable for the payment of all amounts due under the mortgage in accordance with its terms.

"(4) Each Federal mortgage agency shall give prompt notice in writing to the interested mortgagor and mortgagee of the expira-

tion of any certificate of moratorium issued by it under this section.

"(d) The Federal mortgage agencies are authorized to issue such individual and joint regulations as may be necessary to carry out this section and to insure the uniform administration thereof.

"(e) There shall be in the Treasury (1) a fund which shall be available to the Secretary of Housing and Urban Development for the purpose of extending financial assistance in behalf of distressed mortgagors as provided in subsection (c) and for paying administrative expenses incurred in connection with such assistance, and (2) a fund which shall be available to the Administrator of Veterans' Affairs for the same purpose, except administrative expenses. The capital of each such fund shall consist of such sums as may, from time to time, be appropriated thereto, and any sums so appropriated shall remain available until expended. Receipts arising from the programs of assistance under subsection (c) shall be credited to the fund from which such assistance was extended. Moneys in either of such funds not needed for current operations, as determined by the Secretary of Housing and Urban Development, or the Administrator of Veterans' Affairs, as the case may be, shall be invested in bonds or other obligations of the United States, or paid into the Treasury as miscellaneous receipts."

"Acquisition of certain properties situated at or near military bases which have been ordered to be closed"

"SEC. 1013. (a) Notwithstanding any other provision of law, the Secretary of Defense is authorized to acquire title to, hold, manage, and dispose of, or, in lieu thereof, to reimburse for certain losses upon private sale of, or foreclosure against, any property improved with a one- or two-family dwelling which is situated at or near a military base or installation which the Department of Defense has, subsequent to November 1, 1964, ordered to be closed in whole or in part, if he determines—

"(1) that the owner of such property is, or has been, a Federal employee employed at or in connection with such base or installation (other than a temporary employee serving under a time limitation) or a serviceman assigned thereto;

"(2) that the closing of such base or installation, in whole or in part, has required or will require the termination of such owner's employment or service at or in connection with such base or installation; and

"(3) that as the result of the actual or pending closing of such base or installation, in whole or in part, there is no present market for the sale of such property upon reasonable terms and conditions.

"(b) In order to be eligible for the benefits of this section such employees or military personnel must be or have been—

"(1) assigned to or employed at or in connection with the installation or activity at the time of public announcement of the closure action,

"(2) transferred from such installation or activity, or terminated as employees as a result of reduction-in-force, within six months prior to public announcement of the closure action, or

"(3) transferred from the installation or activity on an overseas tour unaccompanied by dependents within fifteen months prior to public announcement of the closure action;

Provided, That, at the time of public announcement of the closure action, or at the time of transfer or termination as set forth above, such personnel or employees must—

"(1) have been the owner-occupant of the dwelling, or

"(2) have vacated the owned dwelling as a result of being ordered into on-post housing during a six-month period prior to the closure announcement;

Provided further, That as a consequence of such closure such employees or personnel must—

"(1) be required to relocate because of military transfer or acceptance of employment beyond a normal commuting distance from the dwelling for which compensation is sought, or

"(2) be unemployed, not as a matter of personal choice, and able to demonstrate such financial hardship that they are unable to meet their mortgage payments and related expenses.

"(c) Such persons as the Secretary of Defense may determine to be eligible under the criteria set forth above shall elect either (1) to receive a cash payment as compensation for losses which may be or have been sustained in a private sale, in an amount not to exceed the difference between (A) 95 per centum of the fair market value of their property (as such value is determined by the Secretary of Defense) prior to public announcement of intention to close all or part of the military base or installation and (B) the fair market value of such property (as such value is so determined) at the time of the sale, or (2) to receive, as purchase price for their property, an amount not to exceed 90 per centum of prior fair market value as such value is determined by the Secretary of Defense, or the amount of the outstanding mortgages. Cash payment as compensation for losses sustained in a private sale shall not be made in any case in which the property is encumbered by a mortgage loan guaranteed, insured, or held by a Federal agency unless such mortgage loan is paid, assumed by a purchaser satisfactory to such Federal agency, or otherwise fully satisfied at or prior to the time such cash payment is made. Except in cases of payment as compensation for losses, in the event of foreclosure by mortgagees commenced on or after public announcement of intention to close all or part of the military base or installation and prior to the one hundred and twentieth day after the enactment of this Act, the Secretary of Defense may reimburse or pay on account of eligible persons such sums as may be paid or be otherwise due and owing by such persons as the result of such foreclosure, including (without limiting the generality of the foregoing) direct costs of judicial foreclosure, expenses and liabilities enforceable according to the terms of their mortgages or promissory notes, and the amount of debts, if any, established against such persons by a Federal agency in the case of loans made, guaranteed, or insured by such agency following liquidation of the security for such loans.

"(d) There shall be in the Treasury a fund which shall be available to the Secretary of Defense for the purpose of extending the financial assistance provided above. The capital of such fund shall consist of such sums as may, from time to time, be appropriated thereto, and shall consist also of receipts from the management, rental, or sale of properties acquired under this section, which receipts shall be credited to the fund and shall be available, together with funds appropriated therefor, for purchase or reimbursement purposes as provided above, as well as to defray expenses arising in connection with the acquisition, management, and disposal of such properties, including payment of principal, interest, and expenses of mortgages or other indebtedness thereon, and including the cost of staff services and contract services, costs of insurance, and other indemnity. Any part of such receipts not required for such expenses shall be covered into the Treasury as miscellaneous receipts. Properties acquired under this section shall be conveyed to, and acquired in the name of, the United States. The Secretary of Defense shall have the power to deal with, rent, renovate, and dispose of, whether by sales for cash or credit or otherwise, any properties so acquired: *Provided, however*,

That no contract for acquisition, or acquisition, shall be deemed to constitute a contract for or acquisition of family housing units in support of military installations or activities within the meaning of section 406(a) of the Act of August 30, 1957 (42 U.S.C. 1594i), nor shall it be deemed a transaction within the contemplation of section 2662 of title 10, United States Code.

"(e) Payments from the fund created by this section may be made in lieu of taxes to any State or political subdivision thereof, with respect to real property, including improvements thereon, acquired and held under this section. The amount so paid for any year upon such property shall not exceed the taxes which would be paid to the State or subdivision, as the case may be, upon such property if it were not exempt from taxation, and shall reflect such allowance as may be considered appropriate for expenditures, if any, by the Government for streets, utilities, or other public services to serve such property.

"(f) The title to any property acquired under this section, the eligibility for, and the amounts of, cash payable, and the administration of the preceding provisions of this section, shall conform to such requirements, and shall be administered under such conditions and regulations, as the Secretary of Defense may prescribe. Such regulations shall also prescribe the terms and conditions under which payments may be made and instruments accepted under this section, and all the determinations and decisions made pursuant to such regulations by the Secretary of Defense regarding such payments and conveyances and the terms and conditions under which they are approved or disapproved, shall be final and conclusive and shall not be subject to judicial review.

"(g) The Secretary of Defense is authorized to enter into such agreement with the Secretary of Housing and Urban Development as may be appropriate for the purposes of economy and efficiency of administration of this section. Such agreement may provide authority to the Secretary of Housing and Urban Development and his designee to make any or all of the determinations and take any or all of the actions which the Secretary of Defense is authorized to undertake pursuant to the preceding provisions of this section. Any such determinations shall be entitled to finality to the same extent as if made by the Secretary of Defense, and, in event the Secretaries of Defense and Housing and Urban Development so elect, the fund established pursuant to subsection (d) of this section shall be available to the Secretary of Housing and Urban Development to carry out the purposes thereof.

"(h) Section 223(a)(8) of the National Housing Act is amended to read as follows:

"(8) executed in connection with the sale by the Government of any housing acquired pursuant to section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966."

"(i) No funds may be appropriated for the acquisition of any property under authority of this section unless such funds have been specifically authorized for such purpose in a military construction authorization act, and no moneys in the fund created pursuant to subsection (d) of this section may be expended for any purpose except as may be provided in appropriation Acts.

"(j) Section 108 of the Housing and Urban Development Act of 1965 is repealed.

"College housing"

"Sec. 1014. (a) Section 404(b)(4) of the Housing Act of 1950 is amended by striking out 'public' immediately before 'educational institution'.

"(b) Section 401(d) of such Act is amended by inserting before the period at the end thereof the following: 'and, notwithstanding the first proviso of this subsection, the amount of this annual increase which is not utilized for loans for hospitals may be

utilized for loans for other educational facilities, as defined herein'.

"Study concerning relief of homeowners in proximity to airports"

"SEC. 1015. Section 1113 of the Housing and Urban Development Act of 1965 is amended—

"(1) by inserting '(a)' after 'Sec. 1113.';

"(2) by striking out 'one year after the date of the enactment of this Act' and inserting in lieu thereof 'six months after the date of the enactment of the Demonstration Cities and Metropolitan Development Act of 1966'; and

"(3) by adding at the end thereof the following new subsection:

"(b) There is authorized to be appropriated the sum of \$100,000 to carry out subsection (a)."

"Quarters and facilities for Federal home loan banks and the Federal Home Loan Bank Board"

"SEC. 1016. (a) The second sentence of section 12 of the Federal Home Loan Bank Act (12 U.S.C. 1432) is amended by striking out 'but no bank building shall be bought or erected to house any such bank, nor shall any such bank make any lease' and inserting in lieu thereof 'but, except with the prior approval of the board, no bank building shall be bought or erected to house any such bank, or leased by such bank under any lease'.

"(b) Section 18 of such Act (12 U.S.C. 1438) is amended—

"(1) by adding at the end of subsection (b) the following new sentence: 'Such assessments may include such amounts as the board may deem advisable for carrying out the provisions of subsection (c) of this section.'; and

"(2) by adding at the end thereof the following new subsection:

"(c) (1) The board, utilizing the services of the Administrator of General Services (hereinafter referred to as the "Administrator"), and subject to any limitation hereon which may hereafter be imposed in appropriation Acts, is hereby authorized—

"(A) to acquire, in the name of the United States, real property in the District of Columbia, for the purposes set forth in this subsection;

"(B) to construct, develop, furnish, and equip such buildings thereon and such facilities as in its judgment may be appropriate to provide, to such extent as the board may deem advisable, suitable and adequate quarters and facilities for the board and the agencies under its administration or supervision;

"(C) to enlarge, remodel, or reconstruct any of the same; and

"(D) to make or enter into contracts for any of the foregoing.

"(2) The board may require of the respective banks, and they shall make to the board, such advances of funds for the purposes set out in paragraph (1) as in the sole judgment of the board may from time to time be advisable. Such advances shall be in addition to the assessments authorized in subsection (b) and shall be apportioned by the board among the banks in proportion to the total assets of the respective banks, determined in such manner and as of such times as the board may prescribe. Each such advance shall bear interest at the rate of 4½ per centum per annum from the date of the advance and shall be repaid by the board in such installments and over such period, not longer than twenty-five years from the making of the advance, as the board may determine. Payments of interest and principal upon such advances shall be made from receipts of the board or from other sources which may from time to time be available to the board. The obligation of the board to make any such payment shall not be regarded as an obligation of the

United States. To such extent as the board may prescribe any such obligation shall be regarded as a legal investment for the purposes of subsections (g) and (h) of section 11 and for the purposes of section 16.

"(3) The plans and designs for such buildings and facilities and for any such enlargement, remodeling, or reconstruction shall, to such extent as the chairman of the board may request, be subject to his approval.

"(4) Upon the making of arrangements mutually agreeable to the board and the Administrator, which arrangements may be modified from time to time by mutual agreement between them and may include but shall not be limited to the making of payments by the board and such agencies to the Administrator and by the Administrator to the board, the custody, management, and control of such buildings and facilities and of such real property shall be vested in the Administrator in accordance therewith. Until the making of such arrangements such custody, management, and control, including the assignment and allotment and the reassignment and reallocation of building and other space, shall be vested in the board.

"(5) Any proceeds (including advances) received by the board in connection with this subsection, and any proceeds from the sale or other disposition of real or other property acquired by the board under this subsection, shall be considered as receipts of the board, and obligations and expenditures of the board and such agencies in connection with this subsection shall not be considered as administrative expenses. As used in this subsection, the term 'property' shall include interests in property.

"(6) With respect to its functions under this subsection the board shall (A) annually prepare and submit a budget program as provided in title I of the Government Corporation Control Act with regard to wholly owned Government corporations, and for purposes of this sentence, the terms "wholly owned Government corporations" and "Government corporations", wherever used in such title, shall include the board, and (B) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions as provided in such title, and no other audit, settlement, or adjustment shall be required with respect to transactions under this subsection or with respect to claims, demands, or accounts by or against any person arising thereunder. The first budget program shall be for the first full fiscal year beginning on or after the date of the enactment of this subsection, and the first audit shall be for the remainder of the fiscal year in which this subsection is enacted. Except as otherwise provided in this subsection or by the board, the provisions of this subsection and the functions thereby or thereunder subsisting shall be applicable and exercisable notwithstanding and without regard to the Act of June 20, 1938 (D.C. Code, secs. 5-413—5-428), except that the proviso of section 16 thereof shall apply to any building constructed under this subsection, and section 306 of the Act of July 30, 1947 (61 Stat. 584), or any other provision of law relating to the construction, alteration, repair, or furnishing of public or other buildings or structures or the obtaining of sites therefor, but any person or body in whom any such function is vested may provide for delegation or redelegation of the exercise of such function.

"(7) No obligation shall be incurred and no expenditure, except in liquidation of obligation, shall be made pursuant to the first two subparagraphs of paragraph (1) of this subsection if the total amount of all obligations incurred pursuant thereto would thereupon exceed \$13,200,000, or such greater amount as may be provided in an appropriation Act or other law."

"Small Business Act"

"SEC. 1017. Paragraph (1) of section 8(b) of the Small Business Act is amended by inserting '(A)' after '(1)', by inserting 'and' after 'Administration'; and by adding at the end thereof a new subparagraph as follows:

"(B) to allow an individual or group of persons cooperating with it in furtherance of the purposes of subparagraph (A) to make such use of its office facilities and related materials and services as it deems appropriate;."

"Use of certain lands for civil defense purposes"

"SEC. 1018. Section 2 of the Act entitled 'An Act to provide for the conveyance of a tract of land in Prince Georges County, Maryland, to the State of Maryland for use as a site for a National Guard Armory and for training the National Guard or for other military purposes', approved August 10, 1949 (63 Stat. 592), is amended by striking out 'The land' and inserting in lieu thereof '(a) Except as provided in subsection (b) of this section, the land' and by adding at the end thereof the following new subsection:

"(b) The Secretary of Housing and Urban Development shall execute the necessary instrument or instruments to provide that a certain portion of land, not to exceed two acres, on the easterly side of the land described in the first section of this Act, as more particularly determined and designated by the Secretary of the Army, may be used for civil defense or other emergency preparedness purposes or the purposes stated in subsection (a) and that such use shall not cause the reverter clause set forth herein to become operable."

"Mortgage insurance for land development—Clarifying amendments"

"SEC. 1019. Section 1001(d) of the National Housing Act is amended—

"(1) by striking out 'sewerage disposal installations,' and inserting in lieu thereof 'sewage disposal installations, steam, gas, and electric lines and installations.';

"(2) by striking out the semicolon after 'or common use', and inserting in lieu thereof a period and the following new sentence: 'Related uses may include industrial uses, with sites for such uses to be in proper proportion to the size and scope of the development.';

"(3) by striking out 'but such term' and inserting in lieu thereof: 'The term improvements'; and

"(4) by inserting after 'sewage disposal installation,' in clause (1) the following: 'or a steam, gas, or electric line or installation.'"

"Miscellaneous and technical amendments"

"SEC. 1020. (a) Section 106(d) of the Housing Act of 1949 is repealed.

"(b) Section 227(a) of the National Housing Act is amended by striking out "subsection (b) (2)" in clause (vi) and inserting in lieu thereof 'subsection (b)'.

"(c) The last sentence of section 305(e) of the National Housing Act is amended by striking out 'supplementing' and inserting in lieu thereof 'supplementary'.

"(d) Section 308 of the National Housing Act is amended by striking out '(a)'.

"(e) Section 512 of the National Housing Act is amended by striking out 'or IX' and inserting in lieu thereof 'IX, X, or XI'.

"(f) Section 1001(c) of the National Housing Act is amended by striking out "'mortgage'" and inserting in lieu thereof "'mortgagee'"."

"(g) Section 1 of the National Housing Act is amended by striking out 'and X' wherever it appears and inserting in lieu thereof 'X, and XI'.

"(h) Section 102(h) of the Housing Amendments of 1955 is amended by striking out 'section 213 of the National Housing Act, as amended, the Commissioner' and inserting in lieu thereof 'section 213 of the National Housing Act, section 221(d) (3) of

the National Housing Act, and section 101 of the Housing and Urban Development Act of 1965 (insofar as the provisions of such sections relate to cooperative housing), the Secretary of Housing and Urban Development', and by striking out 'such section' each place it appears and inserting in lieu thereof 'such sections'."

And the House agreed to the same.

WRIGHT PATMAN,
ABRAHAM J. MULTER,
WM. A. BARRETT,
MRS. LEONOR SULLIVAN,
HENRY S. REUSS,
LUD ASHLEY,
WILLIAM B. WIDNALL,

Managers on the Part of the House.

JOHN SPARKMAN,
PAUL DOUGLAS,
WM. PROXMIRE,
HARRISON A. WILLIAMS,
EDMUND S. MUSKIE,
EDWARD V. LONG,
THOMAS J. MCINTYRE,
JOHN G. TOWER,
WALLACE F. BENNETT,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3708) to assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House amendment and the Senate bill. Except for technical, clarifying, and conforming changes, the following statement explains the differences between the House amendment and the substitute agreed to in conference.

TITLE I—COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

Priority of use of demonstration grant funds

The House amendment provided that grants under the demonstration cities program would be used either for federally assisted projects or for other projects undertaken as part of such a program. The Senate bill provided that such grants shall be used to assist new projects not federally assisted and only if not necessary for such projects may they be used for federally assisted projects. The conference report contains the Senate language.

TITLE II—PLANNED METROPOLITAN DEVELOPMENT

Metropolitan expediter

The Senate bill contained a provision not included in the House amendment authorizing the appointment of a Metropolitan Expediter upon request of local officials and after consultation with local officials. The conference report contains the Senate language with a modification requiring that the central city in any metropolitan area must request the appointment of such an official. The conferees wish to emphasize that this expediter is intended to be the servant of the cities in the metropolitan area, and his functions are limited to providing information, data and assistance to local authorities and private individuals and entities in the area.

TITLE III—FHA INSURANCE OPERATIONS

Cooperative housing

The House amendment contained provisions increasing each of the per family unit

limitations under FHA section 213, cooperative housing program by \$2,500 and authorizing additional exterior land improvement to be financed under that program. The Senate bill contained neither provision and none is contained in the conference report.

Eligibility for occupancy for section 221 (d) (3) below-market interest rate housing

The House amendment contained a provision prohibiting occupancy of section 221-(d) (3) below-market interest rate housing by families with an annual income of \$10,000 or more. The Senate bill contained no such provision and none is contained in the conference report. The conferees, however, wish to emphasize that they expect the Secretary of Housing and Urban Development to limit this program to families of greatest need. The conferees recognize, of course, that higher ceilings are necessary in high cost areas and for large families.

Armed services housing mortgage insurance program

The House amendment contained a provision which would have reactivated the Capehart FHA insurance program for the armed services. There was no such provision in the Senate bill and none is contained in the conference report.

FHA section 810 program

The House amendment contained a provision increasing from 5,000 to 10,000 the maximum number of units which may be covered by mortgages insured under FHA's program for off-base rental housing for the military. The House amendment would also have permitted additional types of mortgagors under this program. There were no comparable provisions in the Senate bill and none are contained in the conference report.

TITLE IV—LAND DEVELOPMENT AND NEW COMMUNITIES

The House amendment contained a provision not included in the Senate bill increasing the maximum mortgage from \$10 million to \$25 million which FHA can insure for land development and authorizing this assistance for entire new communities. The conference report contains the House provisions with three amendments which would terminate this authority on October 1, 1972; would require approval of any new community by the local governing body and by the governor of the State (except in "home rule" cases); and would limit the total amount of insurance which can be outstanding under this provision at any one time to \$250 million.

TITLE V—MORTGAGE INSURANCE FOR GROUP MEDICAL PRACTICE FACILITIES

The House amendment contained a provision authorizing FHA mortgage insurance for group practice medical facilities. The conference report retains this provision, with an amendment providing that, while both profit-making and non-profit groups may participate in the program, the actual mortgagor under the new program must be a private non-profit corporation.

TITLE VI—PRESERVATION OF HISTORIC STRUCTURES

Loans for acquisition and rehabilitation of historic structures

The House amendment contained a provision authorizing the use of below-market interest rate loans under section 312 of the Housing Act of 1964 for historic preservation purposes. There was no such provision in the Senate bill and none is contained in the conference report.

TITLE VII—URBAN RENEWAL
Local grants-in-aid

The House amendment contained a provision authorizing the Secretary to count as local credit for urban renewal purposes 25 percent of the cost of public facilities for cultural, exhibition, civic or municipal purposes subject to certain other requirements. The conference report retains this provision

with two amendments. First, the word "municipal" is stricken and the phrase "city hall or public safety building" is inserted, and second, certain medical facilities and mental health facilities could be included. Such credit would be limited to 25 percent of the cost of such facility or \$3.5 million, whichever is less. The conferees wish to emphasize that this provision is not intended as a "blank check" for the inclusion of such projects for urban renewal credit purposes and the provision includes the requirement that any such local project must "contribute materially to the objectives of the urban renewal plan or plans for such project or projects." The conferees further expect the Department of HUD to report back to the Congress by January of 1967 on the potential cost of section 701 of this Act, together with recommendations for changes in existing law affecting local grants-in-aid.

Application of prevailing wage requirements to multifamily housing in urban renewal areas

The House amendment contained a provision which would have applied the "Davis-Bacon Act" prevailing wage requirement to conventionally financed multifamily housing built in urban renewal areas. There was no such provision in the Senate bill and none is contained in the conference report.

Grant-in-aid credit under section 112 of the Housing Act of 1941

The House amendment contained a provision defining the term "in the vicinity" as used in connection with local credits under urban renewal for certain expenditures by universities and hospitals to mean one mile and further giving the Secretary discretion to recognize expenditures beyond the one mile limit where he felt the facts justified it. The conference report contains the one mile provision but does not contain the discretionary authority beyond one mile.

Sewer systems in urban renewal areas

The House amendment contained a provision which would have required urban renewal areas to be served by storm sewer systems separate from sanitary sewer systems. There was no such provision in the Senate bill. The conference report contains a provision requiring that to the maximum extent feasible urban renewal areas must be served by effective systems for the treatment of storm and sanitary wastes.

TITLE IX—URBAN INFORMATION AND TECHNICAL ASSISTANCE SERVICES

The Senate bill contained a provision authorizing matching grants (limited to appropriations of \$5 million for fiscal year 1967 and \$10 million for fiscal 1968) to states and metropolitan area agencies for the establishment of urban information and technical assistance centers. The conference report contains a provision authorizing matching grants through the states for technical assistance for communities up to 100,000 population, and authorizes the appropriation of \$2.5 million in fiscal 1967 and \$5 million for fiscal 1968 for this purpose.

TITLE X—MISCELLANEOUS

Low-rent housing in private accommodations

The House amendment contained a provision extending the maximum term of lease from 36 months to 60 months for private accommodations to be used as public housing but restricted the longer term to housing needed for displaced families. The conference report retained the increase in the maximum term to 60 months but does not restrict it to housing for displaced families.

Open-space grants for development of existing open-space land

The House amendment had a provision authorizing grants under the open space program for the development of land already owned by a municipality. There was no such provision in the Senate bill and none is contained in the conference report.

Acquisition of property in areas affected by the closing of military bases

The House amendment had a provision authorizing the Secretary of Defense to acquire the homes of property owners in areas affected by the closing of military bases or to make certain payments where the property had already been sold by the owner or the owner had lost it through foreclosure. The conference report contains the House amendment with perfecting modifications.

Leasing of housing for bachelor military personnel

The House amendment contained a provision authorizing the Secretary of Defense to lease for periods of up to 15 years appropriate housing for use as bachelor officer quarters. There was no comparable provision in the Senate bill and none is contained in the conference report.

Hydrology research

The House amendment contained a provision authorizing HUD to conduct studies and research concerning urban hydrology. There was no comparable provision in the Senate bill and none is contained in the conference report.

Studies of State laws affecting cities

The House amendment contained a provision authorizing the limited use of urban planning grant funds for studies of State laws affecting municipalities. This is retained in the conference report but the conferees wish to make clear that it is not intended that these funds be used in any way for lobbying State legislatures.

Certain items not included in the conference report

The Senate conferees strongly urged the adoption of five provisions approved by the Senate. These were: FHA mortgage insurance for seasonal homes, fellowships for graduate training in historic preservation, clarification of existing authority for the leasing of privately built housing for use as public housing, authority for FNMA to purchase mortgages insured or guaranteed prior to August 2, 1954, and a provision to conform to nomenclature used in various housing laws to reflect the creation of the Department of Housing and Urban Development. While the House conferees were impressed with the merits of these provisions, it was felt that they could not be accepted at this time, but there was agreement that the House Committee on Banking and Currency would take prompt action on them early next year.

WRIGHT PATMAN,
ABRAHAM J. MULTER,
WM. A. BARRETT,
MRS. LEONOR SULLIVAN,
HENRY S. REUSS,
LUD ASHLEY,
WILLIAM B. WIDNALL,

Managers on the Part of the House.

PROCEEDINGS AGAINST MILTON MITCHELL COHEN

Mr. WILLIS. Mr. Speaker, I rise on a question of the privilege of the House, and by direction of the Committee on Un-American Activities I submit a privileged report—House Report No. 2302.

Mr. YATES. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. YATES. At what point is it in order for me to present a point of order to the resolution?

The SPEAKER. After the report is read.

The Clerk read as follows:

PROCEEDINGS AGAINST MILTON MITCHELL COHEN

The Committee on Un-American Activities, as created and authorized by the House of Representatives, through the enactment of Public Law 601 of the 79th Congress, section 121, subsection (q) (2), under House Resolution 8 of the 89th Congress, duly authorized and issued a subpoena to Milton Mitchell Cohen. The subpoena directed Milton Mitchell Cohen to be and appear before the said Committee on Un-American Activities, of which the Honorable EDWIN E. WILLIS is chairman, or a duly appointed subcommittee thereof, on Tuesday, May 25, 1966, at the hour of 10:30 a.m., at the U.S. Courthouse and Federal Office Building, Ceremonial Courtroom, 25th floor, 219 South Dearborn Street, Chicago, Ill., then and there to testify touching matters of inquiry committed to said committee, and not to depart without leave of said committee. The subpoena served upon Milton Mitchell Cohen is set forth in words and figures as follows:

"UNITED STATES OF AMERICA

"CONGRESS OF THE UNITED STATES

"To Milton Mitchell Cohen, Greeting:

"PURSUANT to lawful authority, YOU ARE HEREBY COMMANDED to be and appear before the Committee on Un-American Activities of the House of Representatives of the United States, or a duly appointed subcommittee thereof, on May 25th (Tuesday), 1966, at 10:30 o'clock, a.m., U.S. Court House & Fed. Office Bldg., Ceremonial Court Room, 25th Floor, 219 S. Dearborn Street, Chicago, Ill., then and there to testify touching matters of inquiry committed to said committee, and not to depart without leave of said committee.

"HEREOF FAIL NOT, as you will answer your default under the pains and penalties in such cases made and provided.

"To Martin A. Walsh, to serve and return. "GIVEN under my hand this 6th day of May, in the year of our Lord, 1965.

/s/ "E. E. WILLIS,

"Chairman—Chairman of Subcommittee—Member Designate of the Committee on Un-American Activities of the House of Representatives.

"If you desire a conference with a representative of the Committee prior to the date of the hearing, please call or write to: Staff Director, Committee on Un-American Activities, Washington 25, D.C., Telephone: Capitol 4-3121—Ext. 3051."

This subpoena was duly served as appears by the return thereon made by Martin A. Walsh, who was duly authorized to serve it. The return of service of said subpoena is set forth in words and figures as follows:

"I made service of the within subpoena by hand to the within-named Milton Mitchell Cohen on the street in front of his home at 5322 S. Kimbark Avenue, Chicago, Illinois, at 8:25 o'clock, a.m., on the 11th day of May, 1965.

"Dated May 11, 1965.

/s/ "Martin A. Walsh."

The said Milton Mitchell Cohen, summoned as aforesaid, appeared and was called as a witness on May 26, 1965, to give testimony, as required by the said subpoena, at a meeting of a duly authorized subcommittee of the Committee on Un-American Activities at the Old U.S. Court of Appeals Building in Chicago, Ill. He was accompanied by his counsel, Richard Orlikoff, Esquire.

Having been sworn as a witness, he was asked to state his full name and residence for the record, to which he responded, giving same. He was then asked whether he was represented by counsel, to which he replied that he was.

Thereafter, the witness refused to answer any other questions touching matters of inquiry committed to said subcommittee. The witness then departed the hearing room without leave of said subcommittee.

The foregoing refusal by Milton Mitchell Cohen to answer any further questions, and his willful departure without leave, deprived the Committee on Un-American Activities of pertinent testimony regarding matters which the said committee was instructed by law and House resolution to investigate, and place the said Milton Mitchell Cohen in contempt of the House of Representatives of the United States.

Pursuant to resolution of the Committee on Un-American Activities duly adopted at a meeting held January 13, 1966, the facts relating to the aforesaid failures of Milton Mitchell Cohen are hereby reported to the House of Representatives, to the end that the said Milton Mitchell Cohen may be proceeded against for contempt of the House of Representatives in the manner and form provided by law.

The record of the proceedings before the said subcommittee, so far as it relates to the appearance of the said Milton Mitchell Cohen, including the statement by the chairman of the subject and matter under inquiry, is set forth in Appendix I, attached hereto and made a part hereof.

Other pertinent committee proceedings are set forth in Appendix II, and made a part hereof.

APPENDIX I

Tuesday, May 25, 1965

UNITED STATES HOUSE OF REPRESENTATIVES, SUBCOMMITTEE OF THE COMMITTEE ON UN-AMERICAN ACTIVITIES,

Chicago, Illinois.

PUBLIC HEARINGS

A subcommittee of the Committee on Un-American Activities met, pursuant to call, at 10:30 a.m., in the Old United States Court of Appeals Building, 1212 North Lake Shore Drive, Chicago, Illinois, Hon. EDWIN E. WILLIS (chairman) presiding.

(Subcommittee members: Representatives EDWIN E. WILLIS, of Louisiana, Chairman; JOE R. POOL, of Texas; CHARLES L. WELTNER, of Georgia; JOHN M. ASHBROOK, of Ohio; and DEL CLAWSON, of California.)

Subcommittee members present: Representatives WILLIS, POOL, WELTNER, and CLAWSON.

Staff members present: Francis J. McNamara, director; William Hitz, general counsel; Alfred M. Nittle, counsel; and Neil E. Wetterman and Philip R. Manuel, investigators.

The CHAIRMAN. The subcommittee will come to order.

Mr. Nittle, will you call the names of the witnesses and hand them a copy of the opening statement?

Mr. NITTLE. Is Milton Mitchell Cohen in attendance?

Come forward, please.

Louis Diskin.

David Englestein.

Benjamin Max Friedlander.

Dorothy Mixter Hayes.

Dorothy Mixter Hayes.

Dorothy Mixter Hayes, please come forward.

Yolanda Hall.

Leon Joy Jennings.

Wilberforce Cox Jones.

Versta Miller.

Helen Fotine Queen.

Dr. Jeremiah Stamler.

Charles Fehninger Wilson.

Mr. Chairman, Dorothy Mixter Hayes has not responded. Shall I again call her?

The CHAIRMAN. Please. Three times.

Mr. NITTLE. Dorothy Mixter Hayes, please come forward.

Dorothy Mixter Hayes, please come forward.

Dorothy Mixter Hayes, please come forward.

a negotiated settlement of the Vietnam war.

As the editorial correctly observes, the responsibility rests squarely on the shoulders of Hanoi and Communist China—where it has rested all the time.

The administration has once again—on the eve of the Manila Conference—bent over backward to make our position clear and simple. Let us hope that it may evoke some signal of responsiveness.

Mr. President, I ask unanimous consent that the editorial be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

ESCALATING THE PEACE OFFENSIVE

It has now become abundantly clear that the United States, through all available channels, is engaged in a genuine search for the high road out of Viet Nam. The sincerity of the effort should be apparent not only to the American people and our allies, but to the leaders in Hanoi, Peking and Moscow as well.

The escalation of the peace offensive has been in progress since late summer. It has been reflected in official pronouncements by high administration officials and in the increasing efforts by friendly and non-aligned governments to elicit some favorable response to our overtures; efforts which were, in turn, unquestionably prompted by covert diplomatic activity.

Now, the activity has been climaxed by a speech by Secretary of State Dean Rusk, setting forth in very precise terms exactly what we would accept as the basis for a peaceful solution. If, Rusk said, North Viet Nam will withdraw its regular army units from South Viet Nam, and if Hanoi will stop supplying the Viet Cong, the American forces will be withdrawn. The indigenous Communist forces and the Saigon government would then be left to settle their differences by negotiation or continued war.

The public announcement was noteworthy for two reasons. First, it answered the question of exactly what was meant by our repeated statements that if aggression from the North would cease, we would pull our men out. Second, the statement set forth terms for a peaceful way out of the confrontation that need not necessarily involve formal peace talks. If the Hanoi government is as loath as it appears to be to come to the conference table, there would be no necessity for it to do so. And since Hanoi has persisted in denying that any regular troops are operating in South Viet Nam and that no arms are being sent to the guerrillas south of the demarcation line, there would be no loss of face in the withdrawal of forces and cutting off of supplies.

What remains is to convince the government in Hanoi that these are not empty words, and that we mean exactly what we say. This effort, it is clear, is going ahead through the sequence of talks between President Johnson and top level representatives of France, Russia, and Laos.

Will the effort work? It would seem incredible that Hanoi has not gotten the message, loud and clear, or that the leadership there can continue seriously to doubt this nation's motives. It would seem equally unlikely that North Viet Nam can still harbor any hope of dislodging the United States forces by armed strength. If these two conditions do exist, as they appear to, the next logical step would be an encouraging sign from Hanoi—a signal that would almost certainly be acknowledged by a halt in the bombing north of the demarcation line.

That is the logical sequence of events. But logic, in this instance, may not be the deciding factor. For also in the picture is the vast and possibly disruptive influence of Communist China. If China believes that she cannot afford to cap her recent series of diplomatic setbacks with an aborted "war of liberation" in Viet Nam, the war will go on. If, on the other hand, China decides that the best way out is to cut Hanoi loose to act as free agent, the end may not be long delayed.

BUSING FAILS TO IMPROVE NEGRO PUPILS

Mr. BYRD of West Virginia. Mr. President, I wish to insert in the RECORD an article, entitled "Busing Fails To Improve Negro Pupils, Trial Told," which appeared in the October 18, 1966, edition of the Washington Post.

There being no objection, the item was ordered to be printed in the RECORD as follows:

BUSING FAILS TO IMPROVE NEGRO PUPILS, TRIAL TOLD

Negroes bused from crowded inner-city schools to undercapacity white schools in Baltimore since 1963 have not improved their performance, an educator testified yesterday in a Washington suit over de facto school segregation.

If anything, the achievement of the 800 Negroes has gone down, said George B. Brain, former Baltimore City school superintendent and now dean of Washington State University's College of Education.

Brain's testimony came as city attorneys began their second week of defending Washington's present school system practices in a suit brought by civil rights activist Julius Hobson in U.S. District Court.

Hobson and his attorney, William Kunstler, contend that the Washington school system is not making a full effort to integrate its faculties or the 7 per cent white and 93 per cent Negro pupil population. They also claim that less money is spent on Negroes. Their education is inferior and academic results show it, they say.

Brain said standardized test patterns in 1964 and 1965 showed "no statistically significant difference in the achievement level" of 800 bused students in Baltimore. But, he added, the pupils remaining in the inner city schools enjoyed a lower teacher-student ratio and increased their achievement level.

Kunstler contended earlier in the three-month-long trial before Judge J. Skelly Wright that achievement tests are white-oriented and cannot be accurately applied to the ghetto Negro.

Asked about the touchy question of integrating urban and suburban pupils, Brain said he had considered busing "disadvantaged" children from the city to surrounding Baltimore County for "assemblies and exchanges . . . but not for permanent classroom attendance."

He said he felt integration was culturally and educationally beneficial for both races.

Busing, changing of school boundaries and providing of compensatory education are only "temporary measures" to improve opportunities for the disadvantaged, he said. A "massive infusion of money and resources" is needed to close the gap ultimately, he said.

PRESIDENT LYNDON B. JOHNSON PRAISED FOR LEADERSHIP IN CONSERVATION OF NATION'S RESOURCES AND BEAUTY

Mr. YARBOROUGH. Mr. President, this 89th Congress has enacted into law

20 major conservation measures in cooperation with the administration and the dedication of President Lyndon B. Johnson toward the cause of preserving for present and future generations the natural resources and beauty of America.

On October 15, 1966, President Johnson signed into law six new conservation bills that illustrate this continuing concern for an America where there is a refuge from the clutter and the clamor of the city. These bills established the Guadalupe Mountains National Park in Texas, the Pictured Rocks National Lake Shore in Michigan, the Bighorn Canyon National Recreation Area in Montana, the Wolf Trap Farm Park in Virginia, and increased the land in the Point Reyes National Seashore in California.

President Johnson often has made plain his interest in conservation. The administration and the Congress have joined hands in open space and urban beautification programs, in the development of outdoor recreation areas through the land and water conservation fund, the Highway Beautification Act and numerous other projects.

This interest is more than a program; President Johnson has called it a crusade. I believe no other President in the history of our Nation has had a deeper concern for conservation, or done more to preserve and improve the face of America.

I ask unanimous consent to have printed at this point in the RECORD the remarks of the President upon the signing of the conservation bills in the Cabinet Room of the White House on October 15, 1966, which I was privileged to attend.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

THE CABINET ROOM,
October 15, 1966.

REMARKS OF THE PRESIDENT UPON SIGNING SIX CONSERVATION BILLS—THE CABINET ROOM, OCTOBER 15, 1966

Secretary Udall, Senator MANSFIELD, Senator JACKSON, Senator BIBLE, Congressman O'BRIEN, Senators from the States involved, Members of Congress, Mrs. Johnson, ladies, and gentlemen, we have come here this morning to give part of our country back to its people.

When our forefathers came here they found nature's masterpiece. They found a beautiful, rich, varied, fertile land, a whole continent to farm and to hunt upon, and to explore.

As Robert Frost said, "The land was ours before we were the land's. She was our land more than a hundred years before we were her people."

Our pioneer fathers made this beautiful land a great nation. But when the wave of settlement reached the Pacific, it turned back upon itself. America began to exploit the land. We chopped down its forests. We abused its soil. We built upon its beaches.

Some Americans realized our loss—Gifford Pinchot, John Muir, Theodore Roosevelt, Franklin Roosevelt, Harold Ickes. They saw that America could be great only as long as Americans could commune with the land. They were the architects of American conservation.

Today our crowded country thanks them—thanks them for their courage and for their vision, and for their generosity.

This year, we reach a milestone in the history of conservation. This year, thanks to the 89th Congress, we will restore more land for more parks, for more playgrounds for our children to use than we will lose to housing ventures, to highways, to airports, and to shopping centers.

We are creating recreation areas where they will do the most good for the greatest number, for all of our people—near our cities, where most of our people live. We are putting national parks and seashores where a man and his family can get to them.

The father that is the mechanic can load his five children in his car, and in an hour or two hours, or three hours, take them to a nearby playground.

The 89th Congress has done all of this. It has enacted 20 major conservation measures. Today we pay tribute to that Congress.

Today we establish by Act of Congress:

The Guadalupe Mountain National Park in Texas. That is a great tribute to the Senator from Texas, Senator YARBOROUGH, who has been the outstanding leader in conservation in that State.

The Pictured Rocks National Lake Shore in Michigan.

The Big Horn Canyon National Recreation Area in Montana.

The Wolf Trap Farm Park in Virginia.

We increase the land in the Point Reyes National Seashore in California. And if we don't stop Mrs. Johnson going out there we will increase it some more, I am afraid.

I am also signing today the Endangered Species Preservation Act and the National Historic Preservation Act. Both of these will help us to preserve for our children the heritage of this great land we call America that our forefathers first saw.

The bills that I will now sign help enrich the spirit of America.

These Acts of Congress help assure that this land of ours—this gift that is outright from God—shall be the most precious legacy that we leave.

I want to express my gratitude to the leaders of the parks movements, the recreation areas, the State commissions and their executive directors, for their enlightened interest, for their support, and particularly for the presence of a good many of them this morning.

CONCLUSION OF MORNING BUSINESS

The VICE PRESIDENT. Is there further morning business? If not, morning business is closed.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

RESOLUTION DIRECTING TARIFF COMMISSION TO CONDUCT A SECTION 332 INVESTIGATION OF OLIVES

Mr. KUCHEL. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of a resolution which I send to the desk.

The VICE PRESIDENT. The resolution will be stated.

The LEGISLATIVE CLERK. A resolution (S. Res. 315) directing the Tariff Com-

mission to conduct a section 332 investigation of olives and to report their findings to the Senate by March 31, 1967.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. KUCHEL. Mr. President, in the absence of our able minority leader who adorns this parliamentary body, I shall read some comments which he had desired to make with respect to the resolution.

Mr. President, I ask unanimous consent that my name may be added as a co-sponsor of the resolution.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. KUCHEL. Mr. President, I ask unanimous consent that a statement prepared by the Senator from Illinois [Mr. DIRKSEN] be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR DIRKSEN

This is a simple resolution that directs the Tariff Commission, pursuant to Section 332 of the Tariff Act of 1930, to make an investigation with respect to the importation of olives into the United States, including (but not limited to) the conditions of competition in the United States between olives bottled or canned in the United States (whether or not grown in the United States) in containers suitable for retail sale and olives bottled or canned outside the United States and imported into the United States in containers suitable for retail sale. The resolution directs the Commission to report back the results of the investigation on or before March 31, 1967.

The reason for this resolution is quite simple. At the time the tariff rate was established there was no packing of foreign olives abroad for shipment to the United States and sale at retail. As a result an extremely low rate of duty, some 20¢ per gallon, was placed on bulk olives. These were purchased by domestic packers who in turn packed them in containers for sale at retail.

The situation has changed somewhat in the last few months and there has been a beginning of importation of olives in containers ready for sale at retail. In the month of September alone, 70,714 cases of stuffed olives in glass containers arrived in this country, and there is another 200 tons in transit. This has caused considerable concern to the domestic packers and as members know, they have requested legislation. However, I do not feel that it would be appropriate to legislate in this field without the benefit of information from the Tariff Commission. That is the sole reason for this resolution; it does not require any recommendations on the part of the Commission, merely a finding of fact.

This resolution could have been in the form of a Finance Committee resolution, but it does not appear that the Committee will meet again this year. For this reason I offer the amendment as a Senate Resolution and ask unanimous consent for immediate consideration.

Mr. KUCHEL. Mr. President, the resolution would simply direct the Tariff Commission to make a study.

Mr. MANSFIELD. Mr. President, I have no objection.

The VICE PRESIDENT. The question is on agreeing to the resolution.

The resolution was agreed to, as follows:

Resolved, That (a) the United States Tariff Commission is directed, pursuant to section 332 of the Tariff Act of 1930, to make an investigation with respect to the importation of olives into the United States, including (but not limited to) the conditions of competition in the United States between olives bottled or canned in the United States (whether or not grown in the United States) in containers suitable for retail sale and olives bottled or canned outside the United States and imported into the United States in containers suitable for retail sale.

(b) For purposes of subsection (a), the Commission may utilize all information and data previously obtained or compiled by it in carrying out the duties and exercising the power conferred on it by section 332 of the Tariff Act of 1930.

(c) The Commission shall report the results of the investigation made by it pursuant to subsection (a) to the Senate on or before March 31, 1967.

Mr. KUCHEL. Mr. President, I move that the vote by which the resolution was agreed to be reconsidered.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

YEAR 1966 AMENDMENTS TO THE HOUSING ACT—CONFERENCE REPORT

Mr. SPARKMAN. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3708) to assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes. I ask unanimous consent for the present consideration of the report.

The VICE PRESIDENT. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of today.)

The VICE PRESIDENT. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. SPARKMAN. Mr. President, we have had a full and free discussion in an open conference between the House and Senate on the House bill. Previously, the Senate had passed two bills; namely, S. 3708 and S. 3711. However, the House combined the two bills into one. It took up S. 3708 and put a great part of S. 3711 into it as an amendment. However, there were a few items in the Senate bill that they did not include. There were five items that we had to drop because we were advised by the Parliamentarian of the House that they would be subject to a point of order under the Rules of the House.

I think it might be well to enumerate them:

First. Authorizing FHA to insure mortgages on seasonal homes.

Second. Fellowships for graduate training in historic preservation.

Third. Clarifying authority for the leasing of newly constructed housing by public housing authorities.

Fourth. Purchase by FNMA of mortgages dated prior to August 2, 1954.

Fifth. Conforming nomenclature in statutes to include the Department of Housing and Urban Development.

Mr. President, I ask for the yeas and nays on the conference report.

The yeas and nays were ordered.

UNANIMOUS-CONSENT AGREEMENT

Mr. SPARKMAN. Mr. President, I should like to propound a unanimous-consent agreement that the vote on this conference report come not later than 12:45 o'clock p.m.

The VICE PRESIDENT. Is there objection to the request of the Senator from Alabama? The Chair hears none, and it is so ordered.

Mr. SPARKMAN. Mr. President, some of these items which were left out of the House-passed bill were felt by certain Senators to be quite important. The House conferees made a commitment to us, but, of course, it was in the nature of a gentleman's agreement because naturally Members of one Congress cannot bind Members of the next Congress; but they did agree that early next year they would cooperate with us in getting through new legislation for the items that had to be dropped.

I shall be brief in my presentation, but I want to point this out, because a great many Members, I am sure, are interested in this subject.

S. 3708 was a bill for demonstration cities and as passed by the Senate was a much better bill than the one previously introduced. Let me say that this is to the credit of the Senator from Illinois [Mr. DOUGLAS], who introduced the original bill, and to the Senator from Maine [Mr. MUSKIE], who worked so hard in revising the bill and actually managed it on the floor of the Senate.

In that connection, I was opposed to a demonstration cities bill. I voted against it in the committee. I was absent, as I recall, at the time it was taken up by the Senate, but I was paired against it at that time.

Even though I am still opposed to the concept of demonstration cities and the way it would be authorized under the bill, the demonstration cities provision was not in conference because the Senate and the House provisions were virtually identical. The House took the demonstration cities provision as passed by the Senate, almost word for word—there may have been a few technical changes—but the substantive part is identical to what the Senate passed. Therefore, it was not in conference and there was no disagreement and nothing that could have been done by the conferees to change what the two bodies had already agreed on.

The items that were in conference on the bill were those relating to amendments to FHA insurance, amendments to FNMA, amendments to urban renewal and to rural housing—the fact is, we

passed it that way as amendments to existing housing laws, and it was on that basis that S. 3711 was passed.

The great majority of the items which the Senate approved were included in the conference agreement, although some were omitted, as I pointed out, because they would be subject to a point of order in the House.

Some of the items which the House passed that the Senate did not agree to are included. The principal one is the new provision for FHA insurance for new towns.

The Senate Banking and Currency Committee, both the Housing Subcommittee and the full committee and the Senate itself, all have turned down the so-called new town legislation, I believe on three different occasions. We did want to take it this time but found the House conferees adamant and we felt obliged to work something out. The Senate conferees promised they would go along provided certain restrictions were placed on the proposal. The Senate conferees insisted upon it. One was that it would be on an experimental basis and for 5½ years only—that is, until June 30, 1972.

Second, that the program be on a limited basis—that is, by the amount of FHA insurance outstanding; and, third, that before FHA could accept an application for new town insurance in any area, the consent of the local governing body or bodies, as well as the Governor of the State, would have to be obtained.

With these limitations, the Senate conferees reluctantly accepted the new town idea on an experimental basis.

(At this point, Mrs. NEUBERGER took the chair as Presiding Officer.)

Mr. SPARKMAN. Madam President, I believe that covers the items in the bill briefly but completely.

I wonder whether the Senator from Maine [Mr. MUSKIE], who managed the bill, S. 3708, would like to make some remarks at this time?

Mr. MUSKIE. Yes. Madam President, the report which has just been made by the distinguished Senator from Alabama is correct. It gives the substance of what was done in conference. The demonstration cities bill was not in conference because the House version was essentially that which the Senate approved; so that the conference revolved about the differences between the House and Senate versions of the FHA insurance provisions of another bill, and so forth.

What was quite frustrating was the fact that the Senate, having passed the two bills as separate pieces of legislation, and the House having passed similar provisions as one piece of legislation, the second Senate bill was not in conference as such. So that any provisions of the second Senate bill in which we are interested, including in the conference, were subject to a point of order.

We fought hard to include the five items which the distinguished Senator from Alabama has described.

I had a particular interest in the seasonal homes version. The House managers were convinced of the merits of that proposition. On yesterday, agree-

ment was obtained on it and it was concluded tentatively to include that provision in the conference report; but this morning the House Parliamentarian ruled that that provision, not having been included in the House bill, and the Senate bill not being in conference, the seasonal homes provision was not germane to the conference and could not be included or it would be subject to a point of order in the House.

I say this because I know the particular interest of the Senator from Michigan [Mr. HART], as he was the sponsor of the original bill.

We worked it out in the Senate committee and in conference. It is a viable proposition and holds great promise for development of the rural undeveloped areas of his State and my State.

Mr. HART. Madam President, will the Senator yield?

Mr. MUSKIE. I yield.

Mr. HART. I wish to thank the Senator from Alabama and the Senator from Maine and the conferees for going as far as they were able to go. I am glad to know that the House conferees were persuaded as to the merits of it. It promises enactment of it shortly after the beginning of next year's session.

Mr. MUSKIE. Yes. We have gone a long way down the road toward enactment. With the sympathetic reaction we have received, there is great promise for development of relatively undeveloped lake and seashore areas of New England and the Midwest.

Madam President, I think it should be noted that the conference report on S. 3708 preserves the basic provisions and the intent of the Senate version of the demonstration cities title of the housing legislation. You may recall that the Senate Banking and Currency Committee modified the original administration proposal to make the comprehensive city demonstration program truly innovative, responsive to local needs and dependent on local initiative.

The Senate version preserved the intent of President Johnson, making possible:

First. The concentration of available and special resources in sufficient magnitude to demonstrate swiftly what qualified urban communities can do and can become;

Second. The coordination of all available talent and aid on these targets in a way which is impossible where assistance is provided across the board and men and money must be spread thin; and

Third. The mobilization of local leadership and initiative to assure that the key decisions as to the future of American cities are made by the citizens who live there and to commit local leadership, both public and private, to be a comprehensive attack on urban problems, freed from the constraints that have handicapped past efforts and inflated their costs.

The House made several changes in the demonstration cities proposals. Most of them simply made explicit reference to actions the Secretary could not take which were already implicit in the bill. There were two changes made by the House which concerned me. The first

dealt with the use of supplemental grant funds; the second involved the metropolitan expediter proposal.

In the Senate-passed bill it was clear that new, innovative, nonfederally aided programs had first claim on the supplemental grants under the comprehensive city demonstration program. A House committee amendment removed the priority requirements between these new approaches and the traditional grant-in-aid programs. Fortunately, in conference the House conferees agreed to recede, thus restoring the original intent of the legislation.

The House also removed the authorization for metropolitan expeditors. In spite of the explicit provisions of the Senate-passed bill, preventing the appointment of such expeditors except on the request of local officials, some mayors were concerned that they would have the service thrust down their throats. The conferees agreed on compromise language which spells out in more detail the importance of local initiative under this program.

I am pleased to note that the House conferees also agreed to the restoration of a modified version of the Senate's urban information and technical assistance program. This will make it possible for smaller communities to gain the same benefits of coordinated information and technical assistance which the large cities and metropolitan centers can obtain from the metropolitan expeditors. This proposal was developed by the distinguished junior Senator from New Hampshire [Mr. McINTYRE].

Finally, Madam President, I would like to point out that the combination of the demonstration cities, metropolitan planning and development, and urban information and technical assistance programs in this legislation gives us a balanced approach to the problems of our large cities, growing metropolitan areas and small communities. The tools are experimental; the proposals are, in some ways, tentative; but I consider them sound and constructive. I am pleased that they have been incorporated in the compromise version of S. 3708.

Madam President, I think that is about the substance of the conference report. I compliment the Senator from Alabama for his usual patience and effective leadership in conference. We were able, I think, to sustain the Senate's position on most of the items that came before us.

Mr. SPARKMAN. I thank the Senator. I thank him for his fine work and his cooperation.

Mr. COTTON. Madam, President, will the Senator yield for a question?

Mr. SPARKMAN. I first yield 2 minutes to the Senator from Oklahoma [Mr. HARRIS].

Mr. HARRIS. Madam President, this is a different bill from the one which passed the Senate.

I choose to vote "nay" on this conference report in order to indicate my strong belief that we must hold the line on domestic expenditures in the face of mounting costs of the war in Vietnam.

Mr. COTTON. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from New Hampshire.

Mr. COTTON. I gather, from the clear and lucid report of the Senator from Alabama, that, like myself, he is not in favor of demonstration cities at this time.

Mr. SPARKMAN. The conference report goes beyond that.

Mr. COTTON. I say, I gather that.

Mr. SPARKMAN. No, I am not in favor of demonstration cities legislation.

Mr. COTTON. The point is, suppose, in voting on the conference report—

Mr. SPARKMAN. I did not favor "new towns," legislation but I think we have pretty well safeguarded the provisions that we finally agreed to in the bill.

Mr. COTTON. In seeking a rollcall on this matter, Senators who, like myself, would under no circumstances tend to cast any vote on this record to sustain demonstration cities at this time, during the war in Vietnam, are obliged, in a sense, to vote against a good conference report and against what was obtained by the conferees in order to sustain that principle. I am surprised that a rollcall has been requested.

Mr. SPARKMAN. I am not sure the Senator's position is correct because his stand is somewhat like mine. I stand against a new demonstration cities program. We could not do anything about the demonstration cities provision, because it was not in conference. There are many useful items in the bill, one of which has to do with urban renewal credit for expenditures made by cities in the construction of public buildings for different areas. The conferees worked out new general language to give all cities the chance of benefiting from the proposal. I said I would rather have this language, giving all cities credit for 25 percent of the cost of certain specified types of public buildings and save us against a rash of cities coming up each year requesting special exceptions.

Mr. COTTON. Let me put it this way. Even if a majority of the Senate—which is not conceivable, but assuming it did—voted to reject the conference report, and the report were rejected, demonstration cities would still be a fact.

Mr. SPARKMAN. I think that is true.

Mr. COTTON. Is that about the parliamentary situation?

Mr. SPARKMAN. For all practical purposes, that is what it amounts to.

Mr. COTTON. If this report were rejected and if no report were accepted, demonstration cities is already in and will go to the President as an act of Congress?

Mr. SPARKMAN. There are a few technical amendments that would have to be taken out, but the House could do that.

Mr. COTTON. It boils down to the fact that if this report were rejected, a vote for rejection would be a vote for demonstration cities to be rejected.

Mr. SPARKMAN. But with amendments it could be remedied by the House and the bill put through as passed by the Senate without any technical changes.

Mr. COTTON. In a sense, a vote for the conference report would be a vote for demonstration cities.

Mr. SPARKMAN. I do not think so. I stated my opposition to a new demon-

stration cities program, but I do not regard my vote for the conference report as a whole as being a vote for a demonstration cities proposal, because both Houses have acted to approve it and it was not a matter that the conferees could do anything about.

Mr. COTTON. In other words, if the Senator from Alabama voted for the conference report, he could rationalize his own vote, whether he could explain his vote to his constituents or not. To me, I think a vote which needs technical explanation is an unwise vote, if one needs to make a technical explanation to explain that the vote he took was aiding a cause he represented.

I find myself extremely reluctant to vote for the report, even though the conferees did a good job, and even though I understand the demonstration cities is not involved. I find it difficult to cast a vote which can be taken as approval, at any stage of the game, of demonstration cities, which, in substance, or because of technicalities which the Senator has mentioned, would make demonstration cities a fact.

Mr. SPARKMAN. I have voted for many conference reports that had material with which I did not agree. In fact, I know of no conference report with respect to which I agreed on everything that was in it. I voted against some of those items, but I voted for the conference report because there were items in it that I wanted to see written into law. I feel that this is the case regarding the bill before us. There are many very good items in this omnibus housing legislation.

Mr. COTTON. We have all done that many times, but when a conference report is offered that—call it what you like—at least clears the decks for the final enactment of demonstration cities—

Mr. SPARKMAN. Through a technicality only, in that the House passed one bill instead of two bills.

Mr. COTTON. I thank the Senator. We understand each other, though we may not agree on the effect.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. HOLLAND. I find myself in very strong accord with what the Senator from New Hampshire has said. That is so because I have been at a hearing on the supplemental appropriation bill. Yesterday we had items, conditioned on adoption of the conference report, amounting to something over \$24 million for this program. It was made very clear to us that these two items were wholly for planning, and if the planning went through, there would be requests for hundreds of millions of dollars in appropriations.

To me it seems that our approval of the conference report is laying the predicate for the beginning of a large program in the supplemental appropriation bill this year, and what will follow will be the saddling of another very expensive program on the people of the country at a time when I do not think we should be doing it.

The only way I can demonstrate that I think the whole program is unwise is to vote against the conference report. I

do so without casting any reflection upon the conferees.

Mr. SPARKMAN. The matter that the Senator has reference to was not subject to conference.

Mr. HOLLAND. Due to the fact that both Houses had passed some sort of bill. But to vote for that conference report, when it lays the predicate for immediate heavy appropriations, and, very soon, for much enlarged appropriations, is something I cannot consistently and conscientiously do.

I thank the Senator for yielding.

Mr. SPARKMAN. The Senator can understand this: The House passed a bill S. 3708 that was substantially identical with the Senate bill. It had three titles. The House omitted one title. That was put back on by the conferees. I believe the Senator from Florida is referring to titles I and II of that bill, only one of which has to do with the demonstration cities proposal.

Mr. HOLLAND. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. HOLLAND. I understand what has happened. I voted against the bill when it passed the Senate.

Mr. SPARKMAN. So was I against it.

Mr. HOLLAND. I understand. To maintain my position, and particularly to maintain the position which I expect to take in the Appropriations Committee, and which I shall be unable to take on the floor, because there will be an item in the supplemental bill of over \$5 million—and one cannot vote against a bill which contains many worthwhile projects simply because he disagrees with one part of it—and because this is the only time I can show my complete disapproval of this program, I shall vote against the conference report.

Mr. SPARKMAN. Of course, that with which the Senator disagrees is only a small part of this bill; and there is nothing before us so far as disagreement between the two Houses is concerned. I took the position the Senator takes. However, let me say that I do not understand the Senator's figure of \$24 million, when the demonstration cities provision calls for \$12 million next year.

Mr. HOLLAND. Two items, one of \$12 million for planning for so-called demonstration cities, and one for \$12,850,000, I believe it was, for the area planning, are before the committee considering the supplemental appropriation right now.

Mr. SPARKMAN. That second part is not a part of the demonstration cities provision.

Mr. HOLLAND. On which the hearings were held yesterday afternoon. Those two items are but two parts of an otherwise large and fine program. As far as the Senator from Florida is concerned, he does not feel he would be consistent at all to vote now for this conference report, when he has voted against the bill and when he does not wish to enter into this highly expensive program at this time.

I thank the Senator for yielding.

Mr. SPARKMAN. I cannot see any way of stopping it, because both Houses have passed it.

I yield to the Senator from North Carolina.

Mr. ERVIN. Madam President, I appreciate my good friend the Senator from Alabama yielding to me.

I wish to associate myself with the remarks of the distinguished senior Senator from Florida. I think it is unfortunate for the Federal Government to embark now upon a new program which will cost the American taxpayers billions and billions of dollars. I think it is a bad precedent for the Federal Government to interject itself so far into the question of the composition of our municipalities.

I do not think that Congress can justify such a program at this time, when we have the war in South Vietnam, and when the country is threatened with inflation. I think Congress ought not to make any pretension that it has any purpose to fight inflation, if it inaugurates such a new program as this. I want the record to show I am opposed to it. I voted against the bill when it was before the Senate, and I shall also vote against the conference report.

I thank the Senator from Alabama for his kindness in yielding.

Mr. SPARKMAN. Madam President, I repeat that the demonstration cities issue was not in conference. We could not have done anything there that would have turned it down. Even if we rejected it here, it still would go through, because both Houses have passed the same bill. All they would have to do would be separate the bills over there, and put it through.

Mr. ELLENDER. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. ELLENDER. The Senator states \$12 million is being authorized. For what purpose?

Mr. SPARKMAN. For the planning.

The PRESIDING OFFICER. Under the unanimous-consent agreement heretofore entered into, the time for the vote has arrived. The question is on agreeing to the conference report. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD (after having voted in the negative). On this vote I have a pair with the Senator from Oklahoma [Mr. MONRONEY]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withdraw my vote.

Mr. LONG of Louisiana. I announce that the Senator from Idaho [Mr. CHURCH], the Senator from Missouri [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Missouri [Mr. SYMINGTON], the Senator from Maryland [Mr. TYDINGS], and the Senator from Tennessee [Mr. GORE] are absent on official business.

I also announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Alaska [Mr. BARTLETT], the Senator from Maryland [Mr. BREWSTER], the Senator from North Dakota [Mr. BURDICK], the Senator from Nevada [Mr. CANNON], the Senator from Illinois [Mr. DOUGLAS], the Senator from Mis-

issippi [Mr. EASTLAND], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alaska [Mr. GRUENING], the Senator from Arizona [Mr. HAYDEN], the Senator from North Carolina [Mr. JORDAN], the Senator from New York [Mr. KENNEDY], the Senator from New Hampshire [Mr. MCINTYRE], the Senator from Montana [Mr. METCALF], the Senator from Minnesota [Mr. MONDALE], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Rhode Island [Mr. PELL], and the Senator from West Virginia [Mr. RANDOLPH] are necessarily absent.

I further announce that, if present and voting, the Senator from Maryland [Mr. BREWSTER], the Senator from Alaska [Mr. GRUENING], the Senator from New York [Mr. KENNEDY], the Senator from Washington [Mr. MAGNUSON], the Senator from Maryland [Mr. TYDINGS], the Senator from West Virginia [Mr. RANDOLPH], the Senator from Nevada [Mr. CANNON], the Senator from Alaska [Mr. BARTLETT], and the Senator from Tennessee [Mr. GORE] would each vote "yea."

On this vote, the Senator from Illinois [Mr. DOUGLAS] is paired with the Senator from Mississippi [Mr. EASTLAND]. If present and voting, the Senator from Illinois would vote "yea," and the Senator from Mississippi would vote "nay."

Mr. KUCHEL. I announce that the Senators from Colorado [Mr. ALLOTT and Mr. DOMINICK], the Senator from New Jersey [Mr. CASE], the Senator from Kentucky [Mr. COOPER], the Senator from Nebraska [Mr. CURTIS], the Senator from Arizona [Mr. FANNIN], the Senator from Michigan [Mr. GRIFFIN], the Senator from Idaho [Mr. JORDAN], the Senator from Iowa [Mr. MILLER], the Senator from South Dakota [Mr. MUNDT], the Senator from California [Mr. MURPHY], the Senator from Kansas [Mr. PEARSON], and the Senator from Texas [Mr. TOWER] are necessarily absent.

The Senator from Illinois [Mr. DIRKSEN] and the Senator from Vermont [Mr. PROUTY] are absent because of illness.

If present and voting, the Senator from California [Mr. MURPHY] would vote "nay."

On this vote, the Senator from Colorado [Mr. ALLOTT] is paired with the Senator from Nebraska [Mr. CURTIS]. If present and voting, the Senator from Colorado would vote "yea," and the Senator from Nebraska would vote "nay."

On this vote, the Senator from New Jersey [Mr. CASE] is paired with the Senator from Colorado [Mr. DOMINICK]. If present and voting, the Senator from New Jersey would vote "yea," and the Senator from Colorado would vote "nay."

On this vote, the Senator from Kentucky [Mr. COOPER] is paired with the Senator from Arizona [Mr. FANNIN]. If present and voting, the Senator from Kentucky would vote "yea," and the Senator from Arizona would vote "nay."

On this vote, the Senator from Kansas [Mr. PEARSON] is paired with the Senator from Idaho [Mr. JORDAN]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Idaho would vote "nay."

On this vote, the Senator from Texas [Mr. TOWER] is paired with the Senator from Iowa [Mr. MILLER]. If present and voting, the Senator from Texas would vote "yea," and the Senator from Iowa would vote "nay."

The result was announced—yeas 38, nays 22, as follows:

[No. 308 Leg.]

YEAS—38

Aiken	Kennedy, Mass.	Pastore
Bass	Kuchel	Proxmire
Bayh	Lausche	Ribicoff
Bible	Long, La.	Saltonstall
Boggs	McCarthy	Scott
Carlson	McGee	Smathers
Clark	McGovern	Smith
Dodd	Montoya	Sparkman
Hart	Morse	Williams, N.J.
Hartke	Moss	Yarborough
Inouye	Muskie	Young, N. Dak.
Jackson	Nelson	Young, Ohio
Javits	Neuberger	

NAYS—22

Bennett	Hickenlooper	Russell, Ga.
Byrd, Va.	Hill	Simpson
Byrd, W. Va.	Holland	Stennis
Cotton	Hruska	Talmadge
Ellender	McClellan	Thurmond
Ervin	Morton	Williams, Del.
Fong	Robertson	
Harris	Russell, S.C.	

NOT VOTING—40

Allott	Fannin	Miller
Anderson	Fulbright	Mondale
Bartlett	Gore	Monroney
Brewster	Griffin	Mundt
Burdick	Gruening	Murphy
Cannon	Hayden	Pearson
Case	Jordan, N.C.	Pell
Church	Jordan, Idaho	Prouty
Cooper	Kennedy, N.Y.	Randolph
Curtis	Long, Mo.	Symington
Dirksen	Magnuson	Tower
Dominick	Mansfield	Tydings
Douglas	McIntyre	
Eastland	Metcalf	

So the conference report was agreed to.

Mr. MUSKIE. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. SPARKMAN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TRIBUTE TO SENATOR A. WILLIS ROBERTSON

Mr. SPARKMAN. Madam President, all of the members of the Committee on Banking and Currency, except one, have signed a certificate that I hold in my hand.

I read the resolution to the Senate:

RESOLUTION OF COMMENDATION FOR SERVICES RENDERED BY HON. A. WILLIS ROBERTSON, U.S. SENATOR FROM VIRGINIA

Whereas, Senator A. WILLIS ROBERTSON of Virginia has served the people of this Nation well and ably for 34 years in both the House of Representatives and the Senate, has been a member of the Committee on Banking and Currency of the Senate since January 8, 1947, and has served as Chairman from February 6, 1959; and

Whereas Senator ROBERTSON has exhibited the highest measure of initiative, imagination, and effectiveness in his service as a member and as Chairman of the Committee, and has thereby contributed greatly to the development and enactment of sound and constructive legislation in many fields, including particularly banking and financial institutions, coinage and currency, and defense mobilizations; and

Whereas in the discharge of his duties Senator ROBERTSON has been ever mindful of the rights, responsibilities, and duties of his

fellow Senators, and has served as Chairman in the highest tradition of fairness; and

Whereas Senator ROBERTSON will leave the Senate with the expiration of the 89th Congress: Now, therefore, be it

Resolved, That the Committee on Banking and Currency expresses its warm affection for Senator ROBERTSON and its deep appreciation for the great service which he has rendered to the Committee, to the Senate, and to the United States by his initiative, ability, statesmanship, and courtesy, as a member and as Chairman of the Committee; and be it further

Resolved, That the Committee extend to Senator ROBERTSON its best wishes for a long, useful, and happy life in years to come.

Mr. President, I stated that every member of the committee except one had signed the resolution. Of course, that one is the chairman himself, Senator ROBERTSON. Every member serving under the chairman has signed the resolution, and I ask unanimous consent that their names may be printed in the RECORD.

The PRESIDING OFFICER (Mr. PROXMIER in the chair). Is there objection?

There being no objection the list of names was ordered to be printed in the RECORD as follows:

JOHN SPARKMAN, Alabama.
PAUL H. DOUGLAS, Illinois.
WILLIAM PROXMIER, Wisconsin.
HARRISON A. WILLIAMS, Jr., New Jersey.
EDMUND S. MUSKIE, Maine.
EDWARD V. LONG, Missouri.
MAURINE B. NEUBERGER, Oregon.
THOMAS J. MCINTYRE, New Hampshire.
WALTER F. MONDALE, Minnesota.
WALLACE F. BENNETT, Utah.
JOHN G. TOWER, Texas.
STROM THURMOND, South Carolina.
BOURKE B. HICKENLOOPER, Iowa.

Mr. SPARKMAN. I take great pleasure now in presenting this resolution to our beloved chairman. [Applause, Senators rising.]

Mr. ROBERTSON. Mr. President, honored colleagues, I am deeply touched by this evidence of your friendship and your good will.

For 20 years I have been privileged to serve with some of you on this great committee. During that time, we have seen the deposits of commercial banks more than double, and a thousand percent increase in accounts in savings and loan institutions. We have seen an increase of approximately 250 percent in the gross national product.

Undoubtedly, our banks have been fulfilling the mission prescribed by the first Secretary of the Treasury—sometimes reputed to be the greatest—Alexander Hamilton, who said that they must be the repository of the savings of the people, and must promote and develop the industrial life of a nation.

Mr. President, I am sure that no Senator in the history of the Senate has served with a finer group that I have, in serving with the members of the Committee on Banking and Currency. Although my political philosophy sometimes clashed with that of the majority of the committee, we never had personal feelings about any issue. I can point with some pride to the fact that the Senate has never defeated any bill that our committee has reported. In fact, the Senate has never materially changed

any bill that we have reported, except by our agreement and consent.

I am very happy, in concluding this enjoyable work with this committee, that I am to be succeeded as chairman of that committee by the fine gentleman from Alabama. He is very able; he is very patriotic; and while he has centered his attention primarily on housing and has done a wonderful job for housing and urban renewal, he also has been in close touch with all matters pertaining to commercial banks, mutual banks, and savings and loan institutions. All our financial institutions can look forward to his making a fight for fair treatment. He will be an enlightened chairman, he will be an able chairman, and he will be an efficient and an effective chairman of this great committee.

Of course, Mr. President, I did not sign this certificate, because, with all due deference, it praised me beyond my just ability. However, I would be less than frank and less than human if I did not say, "Thank you," from the bottom of my heart.

I shall not say goodbye, because I hope from time to time to make contact with you through the years. I shall merely say, "Until we meet again," because I shall always be interested in what you are doing. I can say, in the words of my friend, Dr. Billy Graham, "May the Lord bless you real well."

Mr. ERVIN. Mr. President, when the 90th Congress convenes next January, the senior Senator from Virginia will for the first time in 33 years be missing from the rollcall, but he will not be absent from the hearts and minds of those who have served with him here. I hope, however, that he will continue to make his influence felt through frequent visits and through constant advice from the Old Dominion State.

As befits the tradition of distinguished public servants and statesmen Virginia has produced throughout our history, WILLIS ROBERTSON has carved a niche for himself from which history may not displace him. His career—indeed his life—is unalterably linked to the history of the Congress in this century.

He entered the House of Representatives in 1933, in a crucial period for our Nation. He departs at an even more crucial juncture, at a time when the Nation stands most in need of the benefit of the wise counsel, the commonsense and the good judgment which is nurtured by long experience and endowed with a broad and deep knowledge. It is this rich resource the Senate loses as the senior Senator from Virginia takes his leave.

His unflagging energy and his physical fitness are legendary and surely we may all envy him the accolade bestowed by one of my staff members, who observed recently that his smile and courtly bow when he passes one in the hall would alone warrant the disbursement of his salary. Fortunately for the annals of the Senate, he has far more to commend his service.

While others may have sought the hollow applause of more sensational causes, this Virginia Senator has steadfastly spent his time and intellect on the underlying backbone issues affecting the national economy. As chairman of the

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Issued Oct. 21, 1966
For actions of Oct. 19th (Cont'd) &
Oct. 20; 89th-2nd; No.181

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HIGHLIGHTS: Senate passed supplemental appropriation bill. House agreed to conference report on demonstration cities bill, which includes rural-housing amendments. House agreed to conference report on poverty bill. Senate passed bill to authorize assignment of ACP payments.

HOUSE--OCTOBER 20

1. HOUSING LOANS. Agreed to, 142-126, the conference report on S. 3708, the proposed Demonstration Cities and Metropolitan Development Act of 1966, which includes various amendments relating to rural housing. This bill will now be sent to the President. pp. 26998-012
2. POVERTY. Agreed to, 170-109, the conference report on H. R. 15111, to extend and amend various programs under the Economic Opportunity Act. This bill will now be sent to the President. pp. 27013-39

3. APPROPRIATIONS. Agreed to the conference report on H. R. 18119, the State, Justice, and Commerce appropriation bill. pp. 27040-1
Received the conference report on H. R. 14745, the Labor-HEW appropriation bill (H. Rept. 2331). pp. 27051-4
4. RIVERS-HARBORS; FLOOD CONTROL. Agreed to, 261-0, the Senate amendments to H. R. 18233, the rivers-and-harbors and flood control bill. This bill will now be sent to the President. pp. 27041-9
5. WHEAT. The Daily Digest says the House committee reported S. 3550, to provide for issuance by the Secretary of Agriculture of a 25-cent-per-bushel marketing certificate on wheat for the 1967, 1968, and 1969 crops (H. Rept. 2329).
6. EDUCATION. The Daily Digest states that the House agreed to, 185-76, the conference report on H. R. 13161, to provide additional aid for elementary and secondary schools, thus clearing the bill for the President. p. D1030
7. TARIFF. The Daily Digest states that the House agreed to the conference report on H. R. 11216, to amend the description and treatment of articles assembled abroad from U. S. products, thus clearing the bill for the President. p. D1031
8. TAXATION. The Daily Digest states that the House agreed to, 161-76, the conference report on H. R. 17607, regarding investment credit and allowance of accelerated depreciation. p. D1031

HOUSE--OCTOBER 19, CONTINUED

9. CONGRESSIONAL REORGANIZATION. Rep. McClory recommended use of automatic data processing in Congress for budgetary data, legislative history of bills, digest of bills, etc. pp. 26787-8
10. ELECTRIFICATION. Rep. Anderson, Tenn., deplored the "failure of the 89th Congress to take constructive action to provide for the growing financial needs of our rural electrification cooperative systems." p. 26797
11. SOIL CONSERVATION. Rep. Leggett commended the work of SCS. p. 26805

SENATE--OCTOBER 20

12. APPROPRIATIONS. Passed with amendments H. R. 18381, the supplemental appropriation bill (pp. 26866-83). Agreed to an amendment by Sen. Young, N. Dak., to limit to \$500,000 funds for various aspects of the poverty program (p. 26874). Senate conferees were appointed (p. 26883) and the "Daily Digest" states that House conferees were appointed (p. D1031).
The "Daily Digest" states that the conference report on H. R. 18119, the State, Justice, and Commerce appropriation bill, was adopted and cleared for the President. p. D1029
13. RIVERS-HARBORS; FLOOD CONTROL. Passed, with an amendment in the nature of a substitute bill, H. R. 18233, the rivers-and-harbors and flood-control bill. pp. 26885-96
14. RESEARCH. The "Daily Digest" states that the "Senate concurred in House amendment (with amendments) to S. 1674, authorizing Secretary of the Interior to

and so skillfully commanded a role in its leadership that they have permanently influenced its course. Judge SMITH is one of these few, famous men. In his service to this body, and in his defense of its position as a separate and coequal branch of Government, he has been a great legislator. He has represented here not simply his district, but also a classic tradition, and he has done so very well.

Mr. HARDY. Mr. Speaker, Judge SMITH, one of the true patriots of our country, will soon be leaving this distinguished body and I, for one, am sorry to see him go. The House will not be the same without him.

I have always admired a man who has the courage of his convictions and there is no one who stands taller than Judge SMITH in this regard. Despite the many attacks which have been levelled against him, he has held his head high and gone on to do what he feels to be in the best interests of his constituency and the Nation.

It has been a distinct privilege and an honor to know and to work with this fine gentleman, who has so faithfully and with such dedication served Virginia and the Nation for over 40 years. I am pleased to have the opportunity to join in honoring the judge for these many years of outstanding public service. We hope he will come back to see us.

Mr. GALLAGHER. Mr. Speaker, it was with great regret and a deep sense of loss that I learned Judge HOWARD W. SMITH, venerable chairman of our Rules Committee, will leave the House at the conclusion of the 89th Congress.

In his 36 years of selfless service to his district, his State of Virginia and our Nation, he spanned an era of great change and movement, an era of war and peace, an era of social and political revolution. Judge SMITH is well deserving of our deep thanks for his steadying influence and his contributions to the democratic process. No man has worked harder for the vision of what he saw America to be.

While I sometimes disagreed with his judgment, I valued his friendship and I respected his high ideals. I doubt the House will ever be quite the same after his departure.

Mr. Speaker, I salute Judge SMITH—a conscientious legislator, a great Virginian, a distinguished American.

Mr. McVICKER. Mr. Speaker, the retirement of the Honorable HOWARD W. SMITH of Virginia at the close of this session will be felt deeply by all of us who have had the privilege of working with him here on Capitol Hill. For 31 years he has ably served not only the citizens of his own great Commonwealth but of the entire Nation by his dedication and competence as a legislator. During his many years in Congress, Judge SMITH has displayed a steadfast devotion to good government and a sound economy. As chairman of the House Rules Committee he has repeatedly demonstrated his skill as a parliamentarian and his mastery of the art of statemanship. And, today, I would like to join with his many friends and

colleagues who will be extending him best wishes and praise as he leaves these halls.

Mr. BOLAND. Mr. Speaker, the retirement of the Honorable HOWARD W. SMITH of Virginia at the close of this term will stir the hearts of all his many friends on Capitol Hill. Those of us who have had the opportunity to know and work with him during his years of invaluable service to the legislative process are united in admiring his performance as a lawmaker, as a parliamentarian and as a man genuinely and deeply devoted to good government.

For 44 years Judge SMITH has served the people of his district with a diligence, honesty, and sincerity that renders him today the idol of his colleagues and thousands and thousands of his constituents. He is, beyond question, the prototype of the good, sound, conservative, down-to-earth public official, and as such he is admired by all.

Virginia-born and reared, Judge SMITH saw fit to serve the people of his State throughout the course of his adult life, and in so doing he established himself in the hearts of all Virginians.

Graduating from the University of Virginia in 1903, he entered the profession of law and practiced for almost 20 years, establishing in the process a record as a topnotch legal mind. In 1922 he was appointed to the bench of the Corporation Court of Alexandria, where he performed with brilliance before resigning 6 years later to accept appointment as judge of the 16th Judicial Court of Virginia. In all his judicial acts, Judge SMITH revealed a grasp of the law unequaled by any of his distinguished contemporaries.

In 1930, at the height of the depression years, Judge SMITH resigned his place on the bench of the 16th Judicial Court to accept the Democratic nomination for Congress, in the Virginia Eighth District. Elected in this his first political campaign, and reelected repeatedly, on 26 subsequent occasions, he came in time to stand among the best known men in Washington, renown as a scholar of the law and man of principle.

Of conservative nature, Judge SMITH has opposed for many years the possibility of runaway spending by the Federal authorities, and has done his best to economize at every turn. As chairman of the House Committee on Rules, he has scrutinized thousands of House bills, measured their value, exposed their flaws and pounded them into shape. And for all his work in the regard, never once has the Judge been questioned in the area of principle. For clearly, he is a man of the greatest integrity.

Every legislative action perpetrated by Judge SMITH was in line with his philosophy of government. A firm believer in the free American system he has sought to preserve our freedoms at every turn. As author of the Smith Act, he struck a blow against the interests of communism in the 1930's, and from that time to this the Communist influence in America has steadily declined.

In all his legislative endeavors in Washington, Judge SMITH has earned

the respect of all his colleagues and in all his personal dealings he has won their confidence.

We wish him well in whatever activities he now chooses to pursue, knowing full well he will perform with traditional zest and high ability.

Mrs. SULLIVAN. Mr. Speaker, I am grateful to the gentleman from Virginia [Mr. HARDY], for notifying me that he was taking this time to pay tribute to the Honorable HOWARD W. SMITH, so that I could arrange to have these brief words of mine included among the tributes.

Judge SMITH's views on virtually every issue to come before Congress have been almost the exact opposite of mine. This has never made any difference in his ever-present courtesy and graciousness. Appearing before the Rules Committee has always been something of a challenge and a most unusual experience, but Mr. SMITH, as chairman of that committee, and as a colleague here in the House, has been a true gentleman with whom I have enjoyed serving. I have always respected his integrity. He will be missed here in the House.

Mr. ROONEY of New York. Mr. Speaker, I think it very fitting that in the closing moments of this great Congress we pause at this time as a tribute to the distinguished gentleman from Virginia, the Honorable HOWARD W. "JUDGE" SMITH. For 36 years Judge SMITH has been an outstanding figure in this body. His dignity and warmth are too well known to all the Members for me to elaborate at this point. But these two fine attributes are not what we will remember Judge SMITH for. He will be remembered, rather, as a man of unshakeable principle—a man who kept his own counsel and then acted accordingly, firmly convinced in the right of his course. I cannot, in all truth, say that I have always agreed with Judge SMITH, but I can say that I have always admired and respected him. It would be impossible not to. The gentleman from Virginia will not be present when the 90th Congress convenes and it will be a poorer Congress for his absence. We, too, will be poorer for his absence.

Mr. VAN DEERLIN. Mr. Speaker, I know that every Member of the House feels a deep regret at the retirement of the Honorable HOWARD SMITH. For me, however, this regret is especially deep. I cherish an admiration for Judge SMITH that stems from personal contact with him when I was a freshman Congressman. His help to one new to the ways of Congress, his courteous personal consideration of my problems, and his wise counsel were so much more than I expected from a man of his stature that I have never forgotten it and will never forget it. He set an example for me that I shall strive to follow. In the words of his fellow Members of the House of Representatives, Congressman SMITH not only is "one of the most dedicated men ever to serve in Congress" but he "epitomizes integrity, conviction and patriotism." I know of no man who more richly deserves such praise.

Mr. ZABLOCKI. Mr. Speaker, it is with considerable pleasure and genuine pride that I join the gentleman from Vir-

ginia [Mr. PORTER HARDY, JR.] in paying tribute to one of Virginia's most outstanding gentlemen and legislators, my friend and colleague, the Honorable HOWARD W. SMITH.

During the time it has been my honor to serve in Congress with Judge SMITH I have come to appreciate the true meaning of the word "gentleman"—a word used many times each day in this Chamber. When applied to Judge SMITH, however, it takes on special meaning.

You, Mr. Speaker, recall that it was the great Cardinal Newman who probed the depth of the meaning in that term when he defined a gentleman as one who never willingly inflicted pain on others. Judge SMITH, the renowned gentleman from Virginia, is such a person.

In his distinguished chairmanship of the House Judiciary Committee he has always been firm but fair. Determined in his purpose of representing the people of Virginia and true to his own beliefs, Judge SMITH has always given consideration to every reasonable request.

Those who failed to recognize those qualities in Mr. SMITH have, I think, too often submitted him to unwarranted criticism. Ironically enough, those decisions for which he was perhaps most criticized were those in which he was carrying out the wishes of party leadership and in some cases the wishes of the sponsors of the legislation involved.

Those of us who have known Judge SMITH these many years and who have respected him find the prospect of the 90th Congress without him a bleak one indeed.

To him and his gracious and lovely wife go my personal best wishes for a happy and full life in the State and amid the people he has represented for so long with outstanding statesmanship.

GENERAL LEAVE

Mr. HARDY. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may have 5 legislative days in which to revise and extend their remarks on the life and service of the Honorable HOWARD W. SMITH.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

APPOINTMENTS TO SELECT COMMITTEE ON STANDARDS AND CONDUCT

The SPEAKER. Pursuant to the provisions of House Resolution 1013, 89th Congress, the Chair appoints as members of the Select Committee on Standards and Conduct the following Members of the House: Mr. BENNETT, of Florida, chairman; Mr. BROOKS, of Texas; Mr. NIX, of Pennsylvania; Mr. CAREY, of New York; Mr. CAMERON, of California; Mr. RONAN, of Illinois; Mr. GROSS, of Iowa; Mr. BROYHILL, of Virginia; Mr. MICHEL, of Illinois; Mrs. MAY, of Washington; Mr. LATTA, of Ohio; and Mr. STAFFORD, of Vermont.

GENERAL LEAVE TO EXTEND

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and pay tribute to the Honorable A. WILLIS ROBERTSON, U.S. Senator from Virginia.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966

Mr. PATMAN. Mr. Speaker, I call up the conference report on the bill (S. 3708) to assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that since this statement is published in the RECORD of October 18, 1966, beginning on page 26370 and available to every Member, that further reading of it be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. GERALD R. FORD. Mr. Speaker, I shall not object, but I do make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

CALL OF THE HOUSE

Mr. PATMAN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 388]

Abernethy	Clevenger	Fisher
Adair	Cohelan	Flynt
Adams	Colmer	Fogarty
Albert	Conyers	Foley
Anderson, Ill.	Cooley	Ford
Andrews	Corman	William D.
Glenn	Craley	Fuqua
Aspinall	Davis, Ga.	Gettys
Ayres	Davis, Wis.	Gilligan
Baring	Dawson	Goodell
Belcher	Denton	Greigg
Berry	Derwinski	Gross
Blatnik	Devine	Hagan, Ga.
Bolling	Dickinson	Haley
Bray	Diggs	Hall
Brown, Calif.	Duncan, Oreg.	Halleck
Brown, Clarence J., Jr.	Dyal	Hanna
Callaway	Edmondson	Hansen, Idaho
Cameron	Edwards, Ala.	Hansen, Iowa
Carter	Edwards, La.	Hansen, Wash.
Cederberg	Ellsworth	Harvey, Ind.
Celler	Evans, Colo.	Hawkins
Chamberlain	Evins, Tenn.	Hebert
Clawson, Del.	Findley	Helstoski
	Fino	Hicks

Hollfield	Mink	Sikes
Howard	Moeller	Sisk
Hungate	Morrison	Smith, N.Y.
Huot	Morton	Stafford
Jacobs	Moss	Stanton
Johnson, Calif.	Murray	Steed
Johnson, Pa.	Nix	Stephens
Jones, N.C.	O'Hara, Mich.	Stratton
Keith	O'Konski	Sullivan
King, Calif.	Olsen, Mont.	Sweeney
King, N.Y.	O'Neal, Ga.	Talcott
King, Utah	Ottinger	Taylor
Kirwan	Pool	Thompson, N.J.
Kornegay	Powell	Thompson, Tex.
Laird	Purcell	Thomson, Wis.
Long, La.	Randall	Todd
Long, Md.	Reinecke	Toll
McCarthy	Resnick	Trimble
McEwen	Reuss	Tunney
McFall	Rivers, Alaska	Ullman
McGrath	Roberts	Walker, Miss.
McMillan	Robison	Walker, N. Mex.
McVicker	Rogers, Fla.	Watkins
Mackay	Rogers, Tex.	Watts
Mackie	Roncalio	White, Idaho
Mailliard	Roudebush	Whitener
Martin, Ala.	Roush	Willis
Martin, Mass.	Schisler	Wilson
Martin, Nebr.	Schmidhauser	Charles H.
Matsunaga	Scott	Wolf
Meeds	Senner	Wright
Michel	Shipley	Yates
Miller	Sickles	

The SPEAKER. On this rollcall 261 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966—CONFERENCE REPORT

Mr. PATMAN. Mr. Speaker, I renew my unanimous-consent request that the statement of the managers on the part of the House be considered as read.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. CRAMER. Mr. Speaker, reserving the right to object, I should like to ask the gentleman if the gentleman intends to allot some specific time to the minority side? There are some here who would like to ask some questions relating to this matter. Could the gentleman give us some assurance on this side with respect to time?

Mr. PATMAN. The gentleman from New Jersey [Mr. WIDNALL] and I have discussed that. He has submitted names of those who would like to be recognized. That would take about 30 minutes. There will only be 1 hour.

Mr. WIDNALL. Mr. Speaker, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from New Jersey.

Mr. WIDNALL. I submitted the names of those who had requested time. Up to the time I submitted the names, the gentleman from Florida had not requested time.

Mr. CRAMER. Will the gentleman please add my name to the list of those to be recognized?

Mr. PATMAN. I am going to allot time to those requested by the gentleman from New Jersey [Mr. WIDNALL].

Mr. CRAMER. Mr. Speaker, I withdraw my reservation.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

(For conference report and statement, see proceedings of the House of October 18, 1966.)

Mr. PATMAN. Mr. Speaker, the conference report on the demonstration cities bill which is now before the House is virtually identical to the bill which passed the House just last Friday by a vote of 178 to 141. As always, the conferees on both sides presented their views with vigor, but always with fairness and a willingness to seek reasonable solutions. In the 2 days of conference, we had over 50 items to debate, but, as the statement of managers attached to the conference report shows, the changes accepted by the House conferees were relatively few in number, only about 15, and most of them are relatively minor.

Title I of the conference report would inaugurate the President's demonstration cities program. This new program would concentrate the whole array of Government aids for physical and social rehabilitation in the most blighted areas of our towns and cities. The only change in this vital program made in conference was a minor modification of the language governing priorities in the use of the Federal supplemental grant funds.

Title II of the conference report—"Planned Metropolitan Development"—includes a Senate provision on which the conferees in the other body were adamant. They simply would not yield on their provision to authorize the appointment of metropolitan expeditors to help cities make the best use of available Federal aids; however, the Senate agreed to a very important modification in its provision so that under the terms of the conference report the central city—that is the municipality with the largest population in the area, would have to request the appointment of an expediter. This, together with the language requiring the Secretary to consult with local officials before making any appointment, should still the fears expressed by a few mayors of large cities.

Moreover, the statement of managers makes it clear that the expediter is, in the words of that statement, "the servant of the city" and is intended only to be helpful to local authorities.

Title III of the conference report which makes a number of amendments to Federal Housing Administration programs was modified. The Senate conferees raised strong objection to the reactivation of the Capehart program and to the additional units authorized for the FHA Section 810 program for off-base housing. These provisions are not included in the conference report. In addition, the House version contained a floor amendment setting a ceiling of \$10,000 on the income of families who can occupy housing financed with FHA below-market interest rate mortgages. While few, if any, families would actually be affected by this limitation, the Department strenuously objected to the rigid ceiling and pointed out the special prob-

lems of large families in high-cost areas. However, in removing this section, we included language in the statement of managers cautioning the Secretary to approve higher limits only after careful scrutiny and only where exceptional factors justified such action.

I am pleased to report to the House that our conferees were successful in defending title IV of the House bill which authorized FHA mortgage insurance for development of new communities. However, in view of the strong feelings of the Senate conferees, we did accept a limitation of \$250 million on the outstanding amount of such insured loans, together with a termination date for this program of 1972. We also accepted an amendment requiring that any such new community must be approved by the local governing body and, in most cases, by the Governor of the State, as well.

Title VI of the conference report is designed to encourage the preservation of historic structures. The House version included the authorization of funds of several types, including the use of urban renewal grants, urban planning grants, open-space grants and certain special appropriations. The House version would also have authorized the use of low interest rehabilitation loans, but in view of the strong objection by the Senate conferees, and by the Department, the loan provision was eliminated.

Mr. Speaker, one of the most serious controversies in this legislation has involved the subject of local grant-in-aid credit under the urban renewal program. As the bill passed the House, there were no provisions for specific projects, but section 701 liberalized existing law so that communities under certain conditions could get credit for one-fourth of the cost of certain local projects. These eligible projects were defined as those for cultural, exhibition, civic or municipal purposes. The other body had earlier approved a very similar provision, but without the word "municipal." The inclusion of "municipal" greatly disturbed the Department because it was so broad and vague. Accordingly, in conference, we struck out the word "municipal" and in its place substituted "city hall or public safety building."

The formula was also modified to enable communities to receive credit for certain kinds of medical and mental health facilities. As a further precaution, the conference report sets a ceiling of \$3.5 million on the credits which may be derived from any of these facilities. I would also like to call the attention of the House to the section of the statement of managers, which says:

The Conferees wish to emphasize that this provision is not intended as a blank check for the inclusion of such projects for urban renewal credit purposes and the provision includes the requirement that any such local project must "contribute materially to the objectives of the urban plan or plans for such project or projects."

The statement of managers further directs the Secretary to report back to us next January with an estimate of potential cost involved and with his recommendations for any changes he feels are needed in existing law.

Mr. Speaker, the final change made in conference that I want to discuss is a provision included in the Senate version, but not in the House bill, which would have authorized a new program of matching grants for urban information centers and for technical assistance through State government for smaller communities. The Senate conferees fought strongly for this provision and we finally accepted half of it, that part which would provide information on Federal programs and similar assistance through State government to communities of less than 100,000 population. The funds which would have been provided in the Senate bill were reduced by one-half to a maximum of \$2.5 million in the current fiscal year and \$5 million in the next fiscal year.

Mr. Speaker, there are a number of other changes of a minor nature listed in the statement of the managers and we feel that all of them were justified under the circumstances. I want to note that it was particularly gratifying that no changes whatsoever were made in the provisions of the rural housing title which will do much to help farm families and people in small towns.

The conference report is vitally needed to improve our cities to dispel the sense of hopelessness which poverty and slums breed, and to help bolster the sagging homebuilding industry. I believe it deserves the support of every Member of the House and I hope it will be adopted by an overwhelming majority.

Mr. Speaker, I now yield 5 minutes to the gentleman from New Jersey [Mr. WIDNALL].

Mr. WIDNALL. Thank you, Mr. Speaker.

Mr. Speaker, I do think I should review a bit of the circumstances of the conference for the RECORD. I would like to emphasize, also, to the House that the provisions that are now coming before the House are not "virtually identical" with what passed the House originally. There are a number of major changes that have been made in conference. It is with regret that I must report there was no notice of this conference given to the Members or at least not to the minority Members. Prior to the conference a call was made to each Member asking if he was in town, but no indication was given as to the purpose of the call.

If, they were not in town no one was informed as to the change to the effect that the conference was taking place.

Mr. Speaker, it was only later in the day that I found out a conference was actually taking place, deciding upon what should be done with respect to conflicts between the Senate proposal and the House proposal.

Mr. Speaker, I tried to keep in touch, by telephone and, frankly, I felt some things had been adjusted in a satisfactory way and were all right and should be approved by the House of Representatives.

However, Mr. Speaker, I found, after agreeing to sign the report, a number of other changes had been made which in my opinion are very substantial and

about which I had not known at that time.

Mr. Speaker, I would like to point out a couple of these changes which in my opinion are extremely important and which have to do with housing for the armed services.

Mr. Speaker, in the House bill we had reinstated the Capehart housing program. This was stricken.

Also, we had section 810 which contained a provision increasing from 5,000 to 10,000 the maximum number of units which might be covered by mortgages insured through the FHA program, for off-base military housing for the military.

Mr. Speaker, these housing units should have a priority actually in housing these days in the United States, because we are doing a very poor job in taking care of the housing units of our people in the military—and I am not talking about officers of the military now; I am talking about all the way through, and particularly the low-income military personnel.

Mr. Speaker, I cannot understand why these changes were made, and the House version not agreed to.

Mr. Speaker, other Members on this side of the aisle will want to make remarks about other changes in the bill.

Mr. Speaker, I am very pleased that the urban renewal section with respect to projects primarily for residential areas, should have the emphasis upon a substantial number of low-income and middle-income housing, and that has been retained by the Congress.

Mr. Speaker, we are legislating in a very important area where, particularly, we should have agreement and full understanding as to what we are doing.

Mr. Speaker, it is my opinion that some real progress has been made in certain sections of this bill. I, myself, am going to vote for the conference report. I regret that I was not present at the time some of the adjustments were made. That was because I had had no notice with reference to the conference, and also had an understanding that it would be held on Tuesday or Wednesday and not on Monday.

Mr. Speaker, for the RECORD, I want to say this:

I shall never in the future concur with respect to any such conference, if proper notice has not been given to every Member who is to participate in that conference, with a reasonable length of time for notice involved.

In this case, Mr. Speaker, we had an understanding that there would not be a conference on a certain date. It took place on that date.

Mr. Speaker, with those few comments, I am going to close and I suppose it sounds as if I am a little bit mixed up, but I believe there is enough good in the bill for me to support the conference report.

However, Mr. Speaker, I did want to call these changes to the attention of the House of Representatives.

Mr. PATMAN. Mr. Speaker, I yield 5 minutes to the gentlewoman from New Jersey [Mrs. DWYER].

(Mrs. DWYER asked and was given permission to revise and extend her remarks.)

Mrs. DWYER. Mr. Speaker, it is a matter of great regret to me that the demonstration cities and metropolitan development bill, after lengthy consideration in the House and Senate and in the conference committee, is still not worthy of support. As a conferee, I felt obliged to omit my name from the conference report and I cannot, in good conscience, vote for the compromise bill.

I consider it regrettable because I have strongly supported almost every major housing bill during my 10 years in the House, and because the present bill could have been—and should have been—good legislation. Cities need help in restoring rundown areas, in providing new hope and opportunity for people living in slums, and in improving the quality of life and environment in our major centers of population.

But this bill is so compromised by the addition to it of billions of dollars of special urban renewal credits that the demonstration cities program, which will depend heavily on urban renewal, will be severely handicapped. Inasmuch as the Secretary of Housing and Urban Development has confirmed my estimate, I can only attribute the administration's public silence on this issue to its willingness to pay almost any price to obtain the legislation it wants.

I refer of course to title VII of the bill. As our colleagues will recall, the Banking and Currency Committee, at my repeated urging, deleted a section from title VII which would have authorized local noncash urban renewal credits for 52 special projects at a cost estimated at \$750 million. But the committee and the House retained the even more objectionable section 701, which provides credits for 25 percent of the cost of cultural, exhibition, civic and municipal facilities for all of the more than 800 communities with active urban renewal projects. And the House accepted an amendment authorizing local credits for university and hospital projects located as far as 1 mile away from urban renewal projects.

In my remarks during debate on the bill, I estimated that the cost of section 701 alone would exceed \$2 billion, and exceed it probably by a substantial margin. It would also, of course, have the same kind of adverse effect on the urban renewal and demonstration cities programs as the 52 special projects we eliminated earlier, and on a much more comprehensive scale.

I emphasize again, Mr. Speaker, that my fear and concern in these respects were also shared by the Housing Secretary.

Although I pursued my fight against these unjustified credits—or subsidies, to give them their correct designation—we were limited under the rules during the conference to consideration of credits for "municipal" facilities and for university and hospital projects within 1 mile of urban renewal areas.

I am glad to report, Mr. Speaker, that the conference did agree to put some limits on the municipal facilities eligible for local credits, but it did not go nearly far

enough. While we struck out the word "municipal," the conference inserted in its place "city hall or public safety building" and added certain medical, research and mental health facilities to those eligible for credits. The conference also added to the existing 25-percent credit limitation a dollar figure of \$3,500,000, and it approved the 1-mile liberalization for university and hospital facilities eligible for full credit.

It is impossible, Mr. Speaker, to say precisely how much the conference saved in dollar amounts by the action we took on urban renewal credits. We saved something, but not nearly enough. Using my estimate of \$2 billion as the cost of section 701 as approved by the House—a conservative estimate—and relying on Secretary Weaver's judgment that municipal facilities would account for approximately half the cost of section 701 credits, I would speculate that conference limitations on eligible municipal projects will reduce the cost by one-half—or a net saving, very approximately, of another \$500 million.

As useful as this may be, however, it serves to point up the extremely costly character of what Congress is doing to the urban renewal program in this bill. What Congress left in the bill will still cost billions, it will still distort urban renewal, limit its usefulness as a slum-clearance and residential construction program, and deprive many communities of legitimate urban renewal assistance, and it will still hurt the demonstration cities program. In effect, we are asking urban renewal to subsidize city jails, city halls, firehouses, police stations, hospitals, cultural centers, exhibition halls, university buildings, and other facilities, at the expense of low- and moderate-income families who need decent housing if we are to have decent cities. These may be all good and desirable facilities, but by definition none of them are integral parts of urban renewal and many will not even be in or near the urban renewal area. Urban renewal is being made a convenient source of financing and being transformed into a giant "pork barrel."

Fortunately, Mr. Speaker, the conferees accepted my proposal to include cautionary language in the report, emphasizing that section 701 is not intended to be a "blank check" for urban renewal credits, and requiring the Department of Housing and Urban Development to report to Congress next January on the potential cost of section 701, including recommendations for changes in the law as it affects local grants-in-aid. This will give us another chance to look carefully at what we are doing, though it is an opportunity we should have utilized more thoroughly before we passed this bill.

In voting against the conference report, as I shall, Mr. Speaker, I want to make it clear that my vote will not be against housing or urban renewal or the effort to rehabilitate slum areas. It will be a vote protesting the misuse of these and other potentially valuable programs to serve other and unrelated purposes.

If Congress wants the Federal Government and the Federal taxpayer to sub-

sidize the building of jailhouses or concert halls, then we should enact a program for such purposes. But we should not use a program designed for much more urgent needs. I am afraid Congress action will come back to haunt us.

Mr. PATMAN. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. BROCK].

(Mr. BROCK asked and was given permission to revise and extends his remarks.)

Mr. BROCK. Mr. Speaker, it is a beautiful fall day outside. It is too beautiful a day to be hornswoggled and hoodwinked into accepting legislation which is totally changed in concept from the bill that this House passed.

The chairman of the Banking and Currency Committee says there is virtually no change in this bill. He is wrong. There are people on both sides of the aisle who have expressed great concern over the decline and fall of the House of Representatives—and, gentlemen, you are participating in that very decline and fall today when you accept the statement that “there are virtually no changes in this bill.” You are participating in it when you allow a conference to be held without the minority being given notice of the conference.

More importantly, you are participating in it when you pass a bill in this body and come right back a few days later and vote for a conference report which changes the whole concept of that bill without study, without really any thought at all.

You were sold on the demonstration cities bill on the premise that existing Federal-aid programs were not effective because there was no coordination of the approximately 120 Federal aid programs that now exist. You were told we need more coordination. You were told the cities could not afford their local share—therefore we should pay their local share for them. That was the way this program was sold to you. That is the way the House passed it.

But what happened? The bill went to conference, and the Senate made what is referred to as a “minor” change. All they did was add the word “not.” Gentlemen, “not” is a very significant word. The House bill provided for assistance to demonstration cities with Washington paying the local share of federally assisted programs such as urban renewal, housing, and that sort of thing.

What happened after we sent this bill to conference? The Senate said—and the conferees agreed—that the money must go to nonfederally assisted programs.

What does this mean, when they say: “The Secretary shall give the money to nonfederally assisted programs?”

What is a nonfederally assisted program? I do not know. Parking meters—insignia for policemen’s caps? You name it. There is no limit whatsoever other than administrative expenses in this bill.

Do you know something? I did not think our House conferees even knew the change was made. If they knew it, I do not think they knew the significance of it. This destroys the whole intent and purpose of the demonstration title that was passed by the House last Friday. It

opens a Pandora’s box of Federal programs that have no limit whatsoever in their application.

It takes the Secretary out of the field of coordinating existing programs and tells him that he shall give the money to any project that a city requests money for as long as it is not now federally assisted.

You know, there are a lot of things that are not federally assisted. But our conferees bought this, and now they come in and the chairman of the committee says there is “virtually no change.” Well, it just is not true.

The whole concept of this bill has changed—the whole approach is changed. I think it would be a shameful travesty if we were to abdicate our responsibility and vote for a conference report of this type, simply because we are in the closing two or three days of this session. We do not have any right to abdicate our responsibility to our constituents and vote for a bill like this.

Who sent you here, the President, or the people? Do they pay you to think, or to be told? I am ashamed of the answer.

This conference report should be soundly defeated. I urge you to return to responsibility, to stand and be counted against such a bill.

Mr. MacGREGOR. Mr. Speaker, will the gentleman yield?

Mr. BROCK. I yield to the gentleman.

Mr. MacGREGOR. I have listened to this discussion. I have heard the gentleman from Texas [Mr. PATMAN] chairman of the Committee on Banking and Currency state that the conference report was unanimous.

Then I heard the ranking Republican, the gentleman from New Jersey [Mr. WIDNALL] state that he was not even advised that the date of the conference had been changed.

Then the gentlewoman from New Jersey [Mrs. DWYER] tells us she did not sign the conference report. Obviously the conferees were not in agreement on the final draft of this demonstration cities bill.

The SPEAKER. The time of the gentleman has expired.

Mr. PATMAN. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. HARVEY].

Mr. HARVEY of Michigan. Mr. Speaker, I was shocked when I read this conference report to learn that the maximum income limit of \$10,000 that had been inserted by the gentleman from Illinois [Mr. ANDERSON] as the maximum income limit for occupancy under the 221(d)(3) programs has been removed by this conference committee.

What this means, so that you understand it clearly, and so that you can go back to your constituents and tell them, is that you can live in cities like Anaheim, Calif.; San Francisco, Calif.; Norwalk, Conn.; Rockford, Ill.; Omaha, Nebr.; Las Vegas, Nev.; New York City or in Hawaii or in Alaska—and you can earn between \$10,000 and \$15,000 per year and yet have your income subsidized under the 221(d)(3) program of our country.

This is a shocking thing, Mr. Speaker, and it is even more shocking to think that even a moderate and modest limitation of \$10,000 such as the gentleman

from Illinois inserted should be removed by this conference committee. It is even more astounding when you consider that the median income in America is only \$6,800 per year. Why then should we subsidize the rent of any earning more than \$10,000?

I say to you right here and now, if you vote for this conference report—and I intend to vote against it—but if you vote for it then you are voting to subsidize persons who earn between \$10,000 and \$15,000 per year in the cities that I named—and that is just naming a few cities.

If you do not believe me, I have here in my hand the FHA maximum income limitation for occupancy in section 221(d)(3) programs. Examine this FHA list yourself and I assure you that you will be surprised to say the least.

Look at your hometown wherever it may be in America and learn the upper limits for occupancy under the 221(d)(3) program. What this means, Mr. Speaker, is that persons earning over \$10,000 per year, but fortunate enough to live in one of these housing developments, will have their rent subsidized in excess of \$30 per month.

I say that this a shocking thing indeed, Mr. Speaker. I think we should vote against it.

This program originally started in 1961. It started, in order to replace low income public housing programs. But not only has it not replaced them but it has grown like a monster—all out of proportion—and it has grown to the point where this conference committee was unwilling to accept the very modest limitation of \$10,000 per year. This will come as a surprise to the many Americans earning less than that figure.

I think this is indeed wrongful and I would urge the House to vote against this conference report for this reason if for no other reason.

I would point out one other substantial change that has been made and that is in title V, which is entitled “Group Practice Facilitate.” Mr. Speaker, the President, in his state of the Union message urged that the Congress encourage the group practice of medicine. This title authorizes insured loans to nonprofit corporations covering buildings, real estate, and equipment to be used in group practice of medicine. In committee, I offered an amendment which was approved and included in the bill when it passed the House, that not only made these mortgages available to nonprofit corporations, but to private physicians as well. In these days of tight money, high interest rates, and difficulty in securing mortgages, it is conceivable that some doctors or dentists would want such a loan. This conference report penalizes the private practitioner who wants to join with a colleague and conduct a group practice. It give a bonus to the labor union or other nonprofit corporation that hires doctors and sponsors a prepayment plan practice of medicine. It is another slap at our doctors and those who want to continue as self-employed. It fails to accomplish what the President urged in his message to Congress. It is another reason Mr. Speaker why we should oppose this conference report.

Mr. PATMAN. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois [Mr. RUMSFELD].

Mr. RUMSFELD. Mr. Speaker, as the gentleman from Minnesota, I have been listening to this debate and I am distressed also. For emphasis let me point out that first the chairman of the committee, the gentleman from Texas, took the floor and indicated that the conference report was unanimous. Then the ranking minority member took the floor and indicated he had not even been notified of when the conference took place, and that he was not present. Then the gentlewoman from New Jersey took the floor and indicated that she refused to sign the conference report. Next I find that the third minority conferee, the gentleman from New York [Mr. FINO], was also not notified and was not present.

How the gentleman from Texas can take the floor and tell the Members of this House that this conference was unanimous is absolutely beyond me.

It seems to me that as we go into the closing days of this session, as in other sessions, each Member has to be alert to see that we in the House do not do anything that is irresponsible, that we do not trim a little bit on our procedures. I think clearly this performance by the committee is trimming on procedures. The procedures of this House are to assure that the people of this country are protected and that the minority is protected. Clearly in this instance the things we are being told by the chairman of the committee give me great pause and concern.

I was also surprised to hear the chairman of the committee say that this conference report reflects what he believes to be the views of this House. Certainly it does not reflect this Member's views.

Members will recall that when the bill was before the House the gentleman from Tennessee [Mr. BROCK] offered an amendment to place a \$7,500 ceiling limitation on earnings to qualify under the rent subsidy program. That amendment was defeated.

The gentleman from Illinois [Mr. ANDERSON], then offered an amendment to put a \$10,000 annual earnings ceiling to qualify for section 221(d)(3) housing. That amendment carried in the House of Representatives.

In the conference, the conferees, absent two minority Members, because they were not notified, then yielded to the Senate. Now, as the gentleman from Michigan [Mr. HARVEY] so properly pointed out, anyone who supports this conference report is voting for subsidized housing for individuals who are earning between \$10,000 and \$15,000 per year.

According to the maximum income limits for occupancy put out by the Department of HUD for the District of Columbia, it shows on page 3 as high as \$10,600 for families with seven or more persons.

Mr. Speaker, it is absolutely beyond belief that the administration has insisted upon removing the House-passed \$10,000 family income ceiling for the billion plus dollar Federal rent subsidy program enacted in 1961. But there it is on page 45 of the Conference Report No. 2301.

We hear a lot these days about the "credibility gap." Well, this appears to be an example of what is meant.

In 1961, Members of this House were told that the subsidized interest rate rent subsidy program would be for the benefit of low- and low-middle-income families. Today we are confronted with the ridiculous situation of being asked to approve a conference report that permits families earning \$11,000, \$12,000, \$13,000, and even \$14,000 per year to have their rents subsidized.

This is exactly what was suggested earlier this year on the new rent subsidy program when many warned that the administration intended to subsidize the incomes of upper middle-income families. Many, in fact a majority, did not believe it.

But, make no mistake about it, if we approve this conference report, we are putting the stamp of approval of the 89th Congress on a multibillion-dollar rent subsidy scheme to subsidize the rents of upper middle-income families. At a time in our history when private mortgage money is practically unavailable, when interest rates are the highest they have been in 45 years, when people earning \$5,000 and \$6,000 can't borrow money to build their own homes, the 89th Congress—the so-called great Congress—must not blindly approve rent subsidies for families earning more than \$10,000 per year. The median annual family income in the United States today is only \$6,800.

Mr. Speaker, if we approve this conference report, this will indeed be a sad day for the 89th Congress.

I urge that it be rejected.

The SPEAKER. The time of the gentleman has expired.

(Mr. RUMSFELD asked and was given permission to revise and extend his remarks.)

Mr. PATMAN. Mr. Speaker, I yield 3 minutes to the gentleman from Georgia [Mr. WELTNER].

(Mr. WELTNER asked and was given permission to revise and extend his remarks.)

Mr. WELTNER. Mr. Speaker, today we are once again faced with a basic question as to whether this Congress is going to do something to solve the almost overwhelming problems of people who live in cities, or whether we are going to find some excuse for doing nothing.

I served on the committee that fashioned this legislation in the House. I participated in the debate on the authorization. I was not a member of the conference committee, but once again, today, I hear from the other side of the aisle all of the excuses that come from that element within this House which wishes to do nothing to help the people of the cities.

Here we are at the 11th hour of the 2d session of the 89th Congress. Soon we will adjourn. We can go home having done something for the people who live in the cities of this Nation—125 million Americans—or we can find an excuse for doing nothing.

That, Mr. Speaker, I submit is the question before the House today.

I hear once again the problem of opening Pandora's box. I observe only that that box has been opened so often by our

friends on the other side of the aisle, without the dire consequences they invariably predict, that it is time to close the lid. Let us pass this legislation, adopt this conference report, and do something for 125 million Americans who need help so desperately.

Mr. JOHNSON of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. WELTNER. I yield to the gentleman from Oklahoma.

Mr. JOHNSON of Oklahoma. I thank the gentleman for yielding.

I should like to urge the House to vote against this legislation. I am not satisfied with several things in it.

I should like to call the gentleman's attention to these.

First, it is a patchwork kind of thing, to pick some cities out and to leave other cities alone.

Second, I believe it is an open-ended matter as to how much money is going to be spent.

Third, I fear we may be taking money away from some of the smaller communities and giving the bulk of the money to a few large metropolitan areas.

I am on record against this legislation and I plan to vote against it.

Again I thank the gentleman for yielding.

Mr. PATMAN. Mr. Speaker, I yield 3 minutes to the gentleman from North Carolina [Mr. JONAS].

Mr. JONAS. Mr. Speaker, I was quite surprised at the remarks of my friend, the distinguished gentleman from Georgia. He apparently did not read what President Johnson said to the mayors of 30 large cities of the country last Saturday. The President appealed to them, according to the AP story, to postpone spending in order to help battle inflation. He also reminded them that Federal programs with a direct impact on cities has climbed from \$5.6 billion to \$8.3 billion, or up 48 percent from 1964; and in the 3 years since they will jump from \$8.3 to \$14.6 billion—up 76 percent.

This allegation, which has been repeated on the floor on numerous occasions within the last few days, that those who object to some features of this bill are not willing to do anything to aid the cities of the country solve their problems, just does not hold water in the light of the facts. The yearend supplemental appropriations bill which passed the House just a few days ago appropriates another \$750 million for urban renewal and we are currently funding the urban renewal program at an annual rate of \$750 million. This is only one of a multitude of Federal aid to cities programs. The President's statement to the 30 mayors last Saturday fully confirms this.

But what I asked this time for—and I hope there are some members of the Committee on Armed Services listening—is to say that I was shocked to note that the conference committee is perpetuating the injustice being practiced by this administration on the men now serving in our military forces.

Here we are with a bill which eliminates the \$10,000 ceiling on income for civilians eligible to receive a rent subsidy under section 221(D)(3), so that now this subsidy will be available to civilians with incomes ranging upward to \$13,000. At the same time every provision in the

original bill that would have provided housing for men in military service has been eliminated.

The administration did another injustice to the servicemen last year when, after Congress had appropriated \$600 million in military construction funds, of which \$160 million was to build 7,500 family housing units for military personnel in the United States, the administration arbitrarily refused to provide the military housing Congress had authorized and appropriated the money for.

And in the military construction budget for 1967, the President did not ask for one dime for housing for the men in military service and their families.

If you are going to subsidize the house rent of civilians whose incomes range up to \$13,000 a year, will someone on this committee who favors that program please explain to the House, the American people, and to the men in military service why this discrimination is being perpetuated.

I do not believe it is fair to require the men in uniform to make all of the sacrifices in the prosecution of the war in which our country is now engaged.

Mr. PATMAN. Mr. Speaker, I would like to take 1 minute at this time. The reason why I said that this report was signed by all of the conferees is that at the end of the conference I had the impression if we would agree to certain things, all of the members of the minority would sign the report. That was agreed to, and I thought they did sign it. I did look at the Senate conferees and I saw that all of them did sign it, but I was in error on the gentleman from New York [Mr. FINO], and the gentlewoman from New Jersey [Mrs. DWYER]. I had reason to believe that they would sign it, but I had not actually looked it up to see if they did. I was told they would sign it. I am sorry that I made that mistake in my statement. It is not a major mistake, because all of the conferees except those two did sign it.

Mr. WIDNALL. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman.

Mr. WIDNALL. I would like to talk about that. I would like to know who told the gentleman from Texas that, because no one has any authority to make any such statement. I told you after I had a phone conversation with some who were attending the conference that I would sign the report.

Mr. PATMAN. I am talking about what happened there at the table at the time. I understood that they all would sign the report.

The SPEAKER. The time of the gentleman has expired.

Mr. PATMAN. Mr. Speaker, I yield 4 minutes to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Speaker, I think we ought to clarify this matter about what happened at the conference and what did not happen there. It is quite true than an informal—and I stress the word "informal"—conference was started

on Monday at the time when the ranking minority member of the committee was not there and could not be there and he had a prior commitment which the chairman of our committee did try to keep.

The gentleman from New Jersey [Mr. WIDNALL] was kept fully advised of what was going on by minority staff members who were present throughout. At that informal conference all that was done was the Senate indicated to us the matters on which they would recede, thus eliminating from discussion many of the matters in disagreement. We thereby saved much time. We did not have to discuss the items that were put in the bill on this side and not on the Senate side and which they agreed to keep in the bill. Similarly as to matters put in by the Senate and not in the House bill and which the Senate agreed not to press. Then when we met in formal conference, after due and proper notice to all concerned, we went over the items that were still in disagreement. I think we brought out a good bill. I do trust that this conference report will be adopted by all of the Members.

Now, with reference to one item that has been referred to by the able and distinguished gentleman from Tennessee [Mr. BROCK], the only difference there, as I find it, between the bill passed by the House, which contained his amendment, and the bill as finally adopted as a result of the conference is in emphasis. We still limit all of these funds to comprehensive city demonstrations. That language is in the bill in two different places which we bring to the House. Then we provide in so many words that such grant funds shall not, however, be used for the general administration of local governments or to replace non-Federal contributions and so forth.

I want to emphasize that the grant formula in the bill assures that communities will participate in the demonstration cities program and will make use of existing Federal grant-in-aid programs. It does this by tying the amount of the supplemental grant available under the demonstration cities legislation to the aggregate amount of non-Federal contributions required to be made to those projects or activities carried out in connection with the demonstration programs which are assisted under existing Federal grant-in-aid programs.

I believe that the grant formula in the bill and the priority provision for new projects which we have adopted combine to give Congress assurance that there will be a desirable balance in each city demonstration program between the benefits of innovation which can be gained from new programs and the lessons of experience already gained from the operation of existing Federal grant-in-aid programs.

Now, with reference to the matter of exceeding the \$10,000 limit, there is not any doubt that what happens here is that that excess of \$10,000 per family income, I repeat per family income, can apply only where families are composed

of seven or more persons and then only when the total family exceeds the \$10,000 figure. I think experience has shown that that is a necessary exception. Therefore, we did agree to take out the limitation that was in the bill.

Mr. Speaker, again I repeat that the bill before us is a good result of a fair and open and free conference, with the conferees acting in good faith, each giving a little bit and getting a little in exchange, thereby bringing to the House a better bill.

There were 55 items in disagreement between the two Houses. The Senate completely receded as to 25 items. The House completely receded as to only 11 items. As to the balance we compromised on the language as indicated in the report and in the statement on the part of the managers.

Mr. Speaker, I urge the adoption of the conference report.

Mr. PATMAN. Mr. Speaker, I yield 5 minutes to the gentleman from Florida [Mr. CRAMER].

Mr. CRAMER. Mr. Speaker and Members of the House, in my opinion, this is one of the most dangerous bills which comes to us as a result of conference coming before the House in some time, as it relates to the octopus of Federal control over local, municipal decisions, and as it relates to cutting off of present Federal grant programs. I hope that sinks in—present Federal grant programs. I thought this was supposed to be a bonus program with Federal grants and then you make up the difference, if you conform, with the Federal Government taking over some of the present non-Federal cost. But when I read section 204, under the so-called planned metropolitan development title II—and I have consulted with our counsel on the Committee on Public Works on this and he confirms my views—it says in section 204, and I say this to you, this metro government type planning is going to be required in every one of these national standard metropolitan statistical areas throughout the country if they are going to get any Federal grant money from grant-in-aid programs.

Mr. Speaker, here they are in section 204. And, if you are going to get any Federal grant money under present programs for any of these projects you will have to comply with the provisions of this section requiring metro type area wide planning. This has reference to hospitals, airports, libraries, water supply and distribution facilities, sewage facilities, waste treatment plants, highways, transport facilities and various other projects under present grant-in-aid programs contained therein.

And, Mr. Speaker, the grant-in-aid projects must be planned by an area-wide agency. You must have metro government. You must have it in all of Broward, Duval, Palm Beach Counties, Fla. They are standard, metro statistical areas, according to the Bureau of the Budget and, Mr. Speaker, I shall put a list of these areas into the Record.

The list referred follows:

TABLE 31.—Population of standard metropolitan statistical areas and component areas in the United States and the Commonwealth of Puerto Rico, 1940-60

(Figures relate to areas as defined for 1960. Minus sign (—) denotes decrease. Percent not shown where less than 0.1)

Standard metropolitan statistical area	1960	1950	1940	Percent increase		Standard metropolitan statistical area	1960	1950	1940	Percent increase	
				1950-60	1940-50					1950-60	1940-50
United States (212 areas)	112,885,178	89,316,903	72,834,468	26.4	22.6	Boston, Mass.—Con.					
Abilene, Tex.	120,377	85,517	67,525	40.8	26.6	Middlesex County—Con.					
Jones County	19,299	22,147	23,378	-12.9	-5.3	Lincoln town	5,613	2,427	1,783	131.3	36.1
Taylor County	101,078	63,370	44,147	59.5	43.5	Natick town	28,831	19,838	13,651	45.3	43.2
Akron, Ohio	513,569	410,032	339,405	25.3	20.8	North Reading town	8,331	4,402	2,886	89.3	52.5
Summit County	513,569	410,032	339,405	25.3	20.8	Reading town	19,259	14,006	10,866	37.5	28.9
Albany, Ga.	75,680	43,617	28,565	73.5	52.7	Stoneham town	17,821	13,229	10,765	34.7	22.9
Dougherty County	75,680	43,617	28,565	73.5	52.7	Sudbury town	7,447	2,596	1,754	186.9	48.0
Albany-Schenectady-Troy, N.Y.	657,503	589,359	531,249	11.6	10.9	Wakefield town	24,295	19,633	16,223	23.7	21.0
Albany County	272,926	239,386	221,315	14.0	8.2	Watertown town	39,092	37,329	35,427	4.7	5.4
Rensselaer County	142,585	132,607	121,834	7.5	8.8	Wayland town	10,444	4,407	3,505	137.0	25.5
Saratoga County	89,096	74,869	65,606	19.0	14.1	Weston town	8,261	5,026	3,590	64.4	40.0
Schenectady County	152,896	142,497	122,494	7.3	16.3	Wilmington town	12,475	7,039	4,645	77.2	51.5
Albuquerque, N. Mex.	262,199	145,673	69,391	80.0	109.9	Winchester town	19,376	15,509	15,081	24.9	2.8
Bernalillo County	262,199	145,673	69,391	80.0	109.9	Norfolk County (part)	442,150	345,605	286,077	27.9	20.8
Allentown-Bethlehem-Easton, Pa.-N.J.	492,168	437,824	396,673	12.4	10.4	Quincy City	87,409	83,835	75,810	4.3	10.6
Lehigh County, Pa.	227,536	198,207	177,533	14.8	11.6	Braintree town	31,069	23,161	16,378	34.1	41.4
Northampton County, Pa.	201,412	185,243	168,959	8.7	9.6	Brookline town	54,044	57,589	49,786	-6.2	15.7
Warren County, N.J.	63,220	54,374	50,181	16.3	8.4	Canton town	12,771	7,465	6,381	71.1	17.0
Altoona, Pa.	137,270	139,514	140,358	-1.6	-0.6	Cohasset town	5,840	3,731	3,111	56.5	19.9
Blair County	137,270	139,514	140,358	-1.6	-0.6	Dedham town	23,869	18,487	15,508	29.1	19.2
Amarillo, Tex.	149,493	87,140	61,450	71.6	41.8	Dover town	2,846	1,722	1,374	65.3	25.3
Potter County	115,580	73,366	54,265	57.5	35.2	Holbrook town	10,104	4,004	3,330	152.3	20.2
Randall County	33,913	13,774	7,185	146.2	91.7	Medfield town	6,021	4,549	4,384	32.4	3.8
Ann Arbor, Mich.	172,440	134,606	80,810	28.1	66.6	Milton town	26,375	22,395	18,708	17.8	19.7
Washtenaw County	172,440	134,606	80,810	28.1	66.6	Needham town	25,793	16,313	12,445	58.1	31.1
Asheville, N.C.	130,074	124,403	108,755	4.6	14.4	Norfolk town	3,471	2,704	2,294	28.4	17.9
Buncombe County	130,074	124,403	108,755	4.6	14.4	Norwood town	24,898	16,636	15,383	49.7	8.1
Atlanta, Ga.	1,017,188	726,989	558,842	39.9	30.1	Randolph town	18,900	9,982	7,634	89.3	30.8
Clayton County	46,365	22,872	11,655	102.7	96.2	Sharon town	10,070	4,847	3,737	107.8	29.7
Cobb County	114,174	61,830	38,272	84.7	61.6	Walpole town	14,068	9,109	7,443	54.4	22.4
De Kalb County	256,782	136,395	86,942	88.3	56.9	Wellesley town	26,071	20,549	15,127	26.9	35.8
Fulton County	556,326	473,572	392,886	17.5	20.5	Westwood town	10,354	5,837	3,376	77.4	72.9
Gwinnett County	43,541	32,320	29,087	34.7	11.1	Weymouth town	48,177	32,690	23,868	47.4	37.0
Atlantic City, N.J.	160,880	132,399	124,066	21.5	6.7	Plymouth County (part)	74,290	43,914	33,629	69.2	30.6
Atlantic County	160,880	132,399	124,066	21.5	6.7	Duxbury town	4,727	3,167	2,359	49.3	34.3
Augusta, Ga.-S.C.	216,639	162,013	131,779	33.7	22.9	Hanover town	5,923	3,389	2,875	74.8	17.9
Richmond County, Ga.	135,601	108,876	81,863	24.5	33.0	Hingham town	15,378	10,665	8,003	44.2	33.3
Aiken County, S.C.	81,038	53,137	49,916	52.5	6.5	Hull town	7,055	3,379	2,167	108.8	55.9
Austin, Tex.	212,136	160,980	111,053	31.8	45.0	Marshfield town	6,748	3,267	2,419	106.6	35.1
Travis County	212,136	160,980	111,053	31.8	45.0	Norwell town	5,207	2,515	1,871	107.0	34.4
Bakersfield, Calif.	291,984	228,309	135,124	27.9	69.0	Pembroke town	4,919	2,579	1,718	90.7	50.1
Kern County	291,984	228,309	135,124	27.9	69.0	Rockland town	13,119	8,960	8,087	46.4	10.8
Baltimore, Md.	1,727,023	1,405,399	1,139,529	22.9	23.3	Scituate town	11,214	5,993	4,130	87.1	45.1
Baltimore City	939,024	949,708	859,100	-1.1	10.5	Suffolk County	791,329	896,615	863,248	-11.7	3.9
Anne Arundel County	206,634	117,392	68,375	76.0	71.7	Boston City	697,197	801,444	770,816	-13.0	4.0
Baltimore County	492,428	270,273	155,825	82.2	73.4	Chelsea City	33,749	38,912	41,259	-13.3	-5.7
Carroll County	52,785	44,907	39,054	17.4	15.0	Revere City	40,080	36,763	34,405	9.0	6.9
Howard County	36,152	23,119	17,175	56.4	34.6	Winthrop town	20,303	19,496	16,768	4.1	16.3
Eaton Rouge, La.	230,058	158,236	88,415	45.4	79.0	Bridgeport, Conn.	334,576	273,723	225,268	22.2	21.5
East Baton Rouge Parish	230,058	158,236	88,415	45.4	79.0	Fairfield County (part)	292,914	246,853	208,829	18.7	18.2
Bay City, Mich.	107,042	88,461	74,981	21.0	18.0	Bridgeport City	156,748	158,709	147,121	-1.2	7.9
Bay County	107,042	88,461	74,981	21.0	18.0	Shelton City	18,190	12,694	10,971	43.3	15.7
Beaumont-Port Arthur, Tex.	306,016	235,650	162,711	29.9	44.8	Fairfield town	46,183	30,489	21,135	51.5	44.3
Jefferson County	245,659	195,083	145,329	25.9	34.2	Monroe town	6,402	2,892	1,728	121.4	67.4
Orange County	60,357	40,567	17,382	48.8	133.4	Stratford town	45,012	33,428	22,580	34.7	48.0
Billings, Mont.	79,016	55,875	41,182	41.4	35.7	Trumbull town	20,379	8,641	5,294	135.8	63.2
Yellowstone County	79,016	55,875	41,182	41.4	35.7	New Haven County (part)	41,662	26,870	16,439	55.1	63.5
Binghamton, N.Y.	212,661	184,698	165,749	15.1	11.4	Milford town	41,662	26,870	16,439	55.1	63.5
Broome County	212,661	184,698	165,749	15.1	11.4	Brockton, Mass.	149,458	119,728	110,463	24.8	8.4
Birmingham, Ala.	634,864	558,928	459,930	13.6	21.5	Plymouth County (part)	119,751	99,672	94,361	20.1	5.6
Jefferson County	634,864	558,928	459,930	13.6	21.5	Brockton City	72,813	62,860	62,343	15.8	8.8
Boston, Mass.	2,589,301	2,410,572	2,209,608	7.4	9.1	Abington town	10,607	7,152	5,708	48.3	25.3
Essex County (part)	308,051	269,584	250,554	14.3	7.6	Bridgewater town	10,276	9,512	8,902	8.0	6.9
Beverly City	36,108	28,884	25,537	25.0	13.1	East Bridgewater town	6,139	4,412	3,832	39.1	15.1
Lynn City	94,478	99,738	98,123	-5.3	1.6	Hanson town	4,370	3,264	2,570	33.9	27.0
Peabody City	32,202	22,645	21,711	42.2	4.3	West Bridgewater town	5,061	4,059	3,247	24.7	25.0
Salem City	39,211	41,880	41,213	-6.4	1.6	Whitman town	10,485	8,413	7,759	24.6	8.4
Danvers town	21,926	15,720	14,179	39.5	10.9	Norfolk County (part)	20,629	13,812	10,967	49.4	25.9
Hamilton town	5,488	2,764	2,037	98.6	35.7	Avon town	4,301	2,666	2,335	61.3	14.2
Lynnfield town	8,398	3,927	2,487	113.9	16.0	Stoughton	16,328	11,146	8,632	46.5	29.1
Manchester town	3,932	2,968	2,472	37.1	16.0	Bristol County (part)	9,078	6,244	5,135	45.4	21.6
Marblehead town	18,521	13,765	10,856	34.6	26.8	Easton town	9,078	6,244	5,135	45.4	21.6
Middleton town	3,718	2,916	2,348	27.5	24.2	Brownsville-Harlingen-San Benito, Tex.	151,098	125,170	83,202	20.7	50.4
Nahant town	3,960	2,679	1,835	47.8	46.0	Cameron County	151,098	125,170	83,202	20.7	50.4
Saugus town	20,666	17,162	14,825	20.4	15.8						

TABLE 31.—Population of standard metropolitan statistical areas and component areas in the United States and the Commonwealth of Puerto Rico, 1940-60—Continued

(Figures relate to areas as defined for 1960. Minus sign (—) denotes decrease. Percent not shown where less than 0.1)

Standard metropolitan statistical area	1960	1950	1940	Percent increase		Standard metropolitan statistical area	1960	1950	1940	Percent increase	
				1950-60	1940-50					1950-60	1940-50
Cincinnati, Ohio-Ky.	1,071,624	904,402	787,044	18.5	14.9	Gadsden, Ala.	96,980	93,892	72,580	3.3	29.4
Hamilton County, Ohio	864,121	723,952	621,987	19.4	16.4	Etowah County	96,980	93,892	72,580	3.3	29.4
Campbell County, Ky.	86,803	76,196	71,918	13.9	5.9	Galveston-Texas City, Tex.	140,364	113,066	81,173	24.1	39.3
Kenton County, Ky.	120,700	104,254	93,139	15.8	11.9	Galveston County	140,364	113,066	81,173	24.1	39.3
Cleveland, Ohio	1,796,595	1,465,511	1,267,270	22.6	15.6	Gary-Indianapolis-East					
Cuyahoga County	1,647,895	1,389,532	1,217,250	18.6	14.2	Chicago, Ind.	573,548	408,228	321,031	40.5	27.2
Lake County	148,700	75,979	50,020	95.7	51.9	Lake County	513,269	368,152	293,195	39.4	25.6
Colorado Springs, Colo.	143,742	74,523	54,025	92.9	37.9	Porter County	60,279	40,076	27,836	50.4	44.0
El Paso County	143,742	74,523	54,025	92.9	37.9	Grand Rapids, Mich.	363,187	288,292	246,338	26.0	17.0
Columbia, S.C.	260,828	186,844	140,837	39.6	32.7	Kent County	363,187	288,292	246,338	26.0	17.0
Lexington County	60,726	44,279	35,994	37.1	23.0	Great Falls, Mont.	73,418	53,027	41,999	38.5	26.3
Richland County	200,102	142,565	104,843	40.4	36.0	Cascade County	73,418	53,027	41,999	38.5	26.3
Columbus, Ga.-Ala.	217,985	170,541	126,407	27.8	34.9	Green Bay, Wis.	125,082	98,314	83,109	27.2	18.3
Chattahoochee County, Ga.	13,011	12,149	15,138	7.1	-19.7	Brown County	125,082	98,314	83,109	27.2	18.3
Muscogee County, Ga.	158,623	118,028	75,494	34.4	56.3	Greensboro-High Point, N.C.	246,520	191,057	153,916	29.0	24.1
Russell County, Ala.	46,351	40,364	35,775	14.8	12.8	Guilford County	246,520	191,057	153,916	29.0	24.1
Columbus, Ohio	682,962	503,410	388,712	35.7	29.5	Greenville, S.C.	209,776	168,152	136,580	24.8	23.1
Franklin County	682,962	503,410	388,712	35.7	29.5	Greenville County	209,776	168,152	136,580	24.8	23.1
Corpus Christi, Tex.	221,573	165,471	92,661	33.9	78.6	Hamilton-Middletown, Ohio	199,076	147,203	120,249	35.2	22.4
Nueces County	221,573	165,471	92,661	33.9	78.6	Butler County	199,076	147,203	120,249	35.2	22.4
Dallas, Tex.	1,083,601	743,501	527,145	45.7	41.0	Harrisburg, Pa.	345,071	292,241	252,216	18.1	15.9
Collin County	41,247	41,692	47,190	-1.1	-11.7	Cumberland County	124,816	94,457	74,806	32.1	26.3
Dallas County	951,527	614,799	398,564	54.8	54.3	Dauphin County	220,255	197,784	177,410	11.4	11.5
Denton County	47,432	41,365	33,658	14.7	22.9	Hartford, Conn.	525,207	406,534	336,991	29.2	20.6
Ellis County	43,395	45,645	47,733	-4.9	-4.4	Hartford County (part)	501,466	392,133	324,732	27.9	20.8
Davenport-Rock Island-Moline, Iowa-Ill.	270,058	234,256	198,071	15.3	18.3	Hartford city	162,178	177,397	166,267	-8.6	6.7
Scott County, Iowa	119,067	100,698	84,748	18.2	18.8	Avon town	5,273	3,171	2,258	66.3	40.4
Rock Island County, Ill.	150,991	133,558	113,323	13.1	17.9	Bloomfield town	13,613	5,746	4,309	136.9	33.3
Dayton, Ohio	694,623	518,642	383,975	33.9	35.1	Canton town	4,783	3,613	2,769	32.4	30.5
Greene County	94,642	58,892	35,863	60.7	64.2	East Hartford town	43,977	29,933	18,615	46.9	60.8
Miami County	72,901	61,309	52,632	18.9	16.5	East Windsor town	7,500	4,859	3,967	54.4	22.5
Montgomery County	527,080	398,441	295,480	32.3	34.8	Enfield town	31,464	15,464	13,561	103.5	14.0
Decatur, Ill.	118,257	98,853	84,693	19.6	16.7	Farmington town	10,813	7,026	5,313	53.9	32.2
Macon County	118,257	98,853	84,693	19.6	16.7	Glastonbury town	14,497	8,818	6,632	64.4	33.0
Denver, Colo.	929,383	612,128	445,206	51.8	37.5	Manchester town	42,102	34,116	23,799	23.4	43.4
Adams County	120,296	40,234	22,481	199.0	79.0	Newington town	17,664	9,110	5,449	93.9	67.2
Arapahoe County	113,426	52,125	32,150	117.6	62.1	Rocky Hill town	7,404	5,108	2,679	44.9	90.7
Boulder County	74,254	48,296	37,438	53.7	29.0	Simsbury town	10,138	4,822	3,941	110.2	22.4
Denver County	493,887	415,786	322,412	18.8	29.0	South Windsor town	9,460	4,066	2,863	132.7	42.0
Jefferson County	127,520	55,687	30,725	129.0	81.2	Suffield town	6,779	4,895	4,475	38.5	9.4
Des Moines, Iowa	266,315	226,010	195,835	17.8	15.4	West Hartford town	62,382	44,402	33,776	40.5	31.5
Polk County	266,315	226,010	195,835	17.8	15.4	Wethersfield town	20,561	12,533	9,644	64.1	30.0
Detroit, Mich.	3,762,360	3,016,197	2,377,329	24.7	26.9	Windsor town	19,467	11,833	10,068	64.5	17.5
Macomb County	405,804	184,961	107,638	119.4	71.8	Windsor Locks town	11,411	5,221	4,347	118.6	20.1
Oakland County	690,259	396,001	254,068	74.3	55.9	Middlesex County (part)	6,780	4,286	3,281	58.2	30.6
Wayne County	2,666,297	2,435,235	2,015,623	9.5	20.8	Cromwell town	6,780	4,286	3,281	58.2	30.6
Dubuque, Iowa	80,048	71,337	63,768	12.2	11.9	Tolland County (part)	16,961	10,115	8,978	67.7	12.7
Dubuque County	80,048	71,337	63,768	12.2	11.9	Vernon town	16,961	10,115	8,978	67.7	12.7
Duluth-Superior, Minn.-Wis.	276,596	252,777	254,036	9.4	-5	Honolulu, Hawaii	500,409	353,020	258,256	41.8	36.7
St. Louis County, Minn.	231,588	206,062	206,917	12.4	-4	Honolulu County	500,409	353,020	258,256	41.8	36.7
Douglas County, Wis.	45,008	46,715	47,119	-3.7	-9	Houston, Tex.	1,243,158	806,701	528,961	54.1	52.5
Durham, N.C.	111,995	101,639	80,244	10.2	26.7	Harris County	1,243,158	806,701	528,961	54.1	52.5
Durham County	111,995	101,639	80,244	10.2	26.7	Huntington-Ashland, W. Va.-Ky.-Ohio	254,780	245,795	225,668	3.7	8.9
El Paso, Tex.	314,070	194,968	131,067	61.1	48.8	Cabell County, W. Va.	108,202	108,035	97,459	.2	10.9
El Paso County	314,070	194,968	131,067	61.1	48.8	Wayne County, W. Va.	38,977	38,696	35,566	.7	8.8
Erie, Pa.	250,682	219,338	180,889	14.3	21.3	Boyd County, Ky.	52,163	49,949	45,938	4.4	8.7
Erie County	250,682	219,338	180,889	14.3	21.3	Lawrence County, Ohio	55,438	49,115	46,705	12.9	5.2
Eugene, Oreg.	162,890	125,776	69,096	29.5	82.0	Huntsville, Ala.	117,348	72,903	66,317	61.0	9.9
Lane County	162,890	125,776	69,096	29.5	82.0	Madison County	117,348	72,903	66,317	61.0	9.9
Evansville, Ind.-Ky.	199,313	191,137	157,803	4.3	21.1	Indianapolis, Ind.	697,567	551,777	460,926	26.4	19.7
Vanderburgh County, Ind.	165,794	160,422	130,783	3.3	22.7	Marion County	697,567	551,777	460,926	26.4	19.7
Henderson County, Ky.	33,519	30,715	27,020	9.1	13.7	Jackson, Mich.	131,994	107,925	93,108	22.3	15.9
Fall River, Mass.-R.I.	138,156	137,298	135,137	.6	1.6	Jackson County	131,994	107,925	93,108	22.3	15.9
Bristol County, Mass. (part)	128,695	131,639	130,119	-2.2	1.2	Jackson, Miss.	187,045	142,164	107,273	31.6	32.5
Fall River city	90,942	111,963	115,428	-10.7	-3.0	Hinds County	187,045	142,164	107,273	31.6	32.5
Somerset town	12,196	8,566	5,873	42.4	45.9	Jacksonville, Fla.	455,411	304,029	210,143	49.8	44.7
Swansea town	9,916	6,121	4,684	62.0	30.7	Duval County	455,411	304,029	210,143	49.8	44.7
Westport town	6,641	4,989	4,134	33.1	20.7	Jersey City, N.J.	610,734	647,437	652,040	-5.7	-7
Newport County, R.I. (part)	9,461	5,659	5,018	67.2	12.8	Hudson County	610,734	647,437	652,040	-5.7	-7
Riverton town	9,461	5,659	5,018	67.2	12.8	Johnstown, Pa.	280,733	291,354	298,416	-3.6	-2.4
Fargo-Moorhead, N. Dak.-Minn.	106,027	89,740	78,186	18.8	14.1	Cambria County	203,283	209,541	213,459	-3.0	-1.8
Cass County, N. Dak.	66,947	58,877	52,849	13.7	11.4	Somerset County	77,450	81,813	84,957	-5.3	-3.7
Clay County, Minn.	39,080	30,363	25,337	26.7	19.8	Kalamazoo, Mich.	169,712	126,707	100,085	33.9	26.6
Fitchburg-Leominster, Mass.	82,486	74,943	68,853	10.1	8.8	Kalamazoo County	169,712				

TABLE 31.—Population of standard metropolitan statistical areas and component areas in the United States and the Commonwealth of Puerto Rico, 1940-60—Continued

[Figures relate to areas as defined for 1960. Minus sign (—) denotes decrease. Percent not shown where less than 0.1]

Standard metropolitan statistical area	1960	1950	1940	Percent Increase		Standard metropolitan statistical area	1960	1950	1940	Percent Increase	
				1950-60	1940-50					1950-60	1940-50
Las Vegas, Nev.	127,016	48,289	16,414	163.0	194.2	New Bedford, Mass.	143,176	141,984	138,073	.8	2.8
Clark County	127,016	48,289	16,414	163.0	194.2	Bristol County (part)	137,178	137,469	134,435	— .2	2.3
Lawrence-Haverhill, Mass.-N.H.	187,601	182,442	178,404	2.8	2.3	New Bedford City	102,477	109,189	110,341	— 6.1	— 1.0
Essex County, Mass. (part)	175,476	175,555	173,723		1.1	Acushnet town	5,755	4,401	4,145	30.8	6.2
Lawrence City	70,933	80,536	84,323	— 11.9	— 4.5	Dartmouth town	14,607	11,115	9,011	31.4	23.3
Haverhill City	46,346	47,280	46,752	— 2.0	1.1	Fairhaven town	14,339	12,764	10,938	12.3	16.7
Andover town	15,878	12,437	11,122	27.7	11.8	Plymouth County (part)	5,998	4,515	3,638	32.8	24.1
Groveland town	3,297	2,340	2,122	40.9	10.3	Marion town	2,881	2,250	2,030	28.0	10.8
Methuen town	28,114	24,477	21,880	14.9	11.9	Mattapoisett town	3,117	2,265	1,608	37.6	40.9
North Andover town	10,908	8,485	7,524	28.6	12.8	New Britain, Conn.	129,397	104,251	90,499	24.1	15.2
Rockingham County, N.H. (part)	12,125	6,887	4,681	76.1	47.1	Hartford County (part)	129,397	104,251	90,499	24.1	15.2
Plaistow town	2,915	2,082	1,414	40.0	47.2	New Britain City	82,201	73,726	68,685	11.5	7.3
Salem town	9,210	4,805	3,267	91.7	47.1	Berlin town	11,250	7,470	5,230	50.6	42.8
Lawton, Okla.	90,803	55,165	38,988	64.6	41.5	Plainville town	13,149	9,994	6,935	31.6	44.1
Comanche County	90,803	55,165	38,988	64.6	41.5	Southington town	22,797	13,061	9,649	74.5	35.4
Lewiston-Auburn, Maine	70,295	68,426	62,538	2.7	9.4	New Haven, Conn.	311,681	269,714	244,294	15.6	10.4
Androscoggin County (part)	70,295	68,426	62,538	2.7	9.4	New Haven County (part)	311,681	269,714	244,294	15.6	10.4
Auburn City	24,449	23,134	19,817	5.7	16.7	New Haven City	152,048	164,443	160,605	— 7.5	2.4
Lewiston City	40,804	40,974	38,598	— 1.4	6.2	Branford town	16,610	10,944	8,000	51.8	35.8
Lisbon town	5,042	4,318	4,123	16.8	4.7	East Haven town	21,388	12,212	9,094	75.1	34.3
Lexington, Ky.	131,906	100,746	78,899	30.9	27.7	Guilford town	7,913	5,092	3,544	55.4	43.7
Fayette County	131,906	100,746	78,899	30.9	27.7	Hamden town	41,056	29,715	23,373	38.2	27.1
Lima, Ohio	103,691	88,183	73,303	17.6	20.3	North Haven town	15,935	9,444	5,326	68.7	77.3
Allen County	103,691	88,183	73,303	17.6	20.3	Orange town	8,547	3,032	2,009	181.9	50.9
Lincoln, Nebr.	155,272	119,742	100,585	29.7	19.0	West Haven town	43,002	32,010	30,021	34.3	6.6
Lancaster County	155,272	119,742	100,585	29.7	19.0	Woodbridge town	5,182	2,822	2,262	83.6	24.8
Little Rock-North Little Rock, Ark.	242,980	196,685	156,085	23.5	26.0	New London-Groton-Norwich, Conn.	156,913	123,141	106,207	27.4	15.9
Pulaski County	242,980	196,685	156,085	23.5	26.0	New London County (part)	156,913	123,141	106,207	27.4	15.9
Lorain-Elyria, Ohio	217,500	148,162	112,390	46.8	31.8	New London City	34,182	30,551	30,456	11.9	0.3
Lorain County	217,500	148,162	112,390	46.8	31.8	Norwich City	38,506	37,633	34,140	2.3	10.2
Los Angeles-Long Beach, Calif.	6,742,696	4,367,911	2,916,403	54.4	49.8	East Lyme town	6,782	3,870	3,338	75.2	15.9
Los Angeles County	6,038,771	4,151,687	2,785,643	45.5	49.0	Groton town	29,937	21,896	10,910	36.7	100.7
Orange County	703,925	216,224	130,760	225.6	65.4	Ledyard town	5,395	1,749	1,426	208.5	22.7
Louisville, Ky.-Ind.	725,139	576,900	451,473	25.7	27.8	Montville town	7,759	4,766	4,135	62.8	15.3
Jefferson County, Ky.	610,947	484,615	385,392	26.1	25.7	Preston town	4,992	1,775	4,206	181.2	— 57.8
Clark County, Ind.	62,795	48,330	31,020	29.9	55.8	Stonington town	13,969	11,801	11,002	18.4	7.3
Floyd County, Ind.	51,397	43,955	35,061	16.9	25.4	Waterford town	15,391	9,100	6,594	69.1	38.0
Lowell, Mass.	157,982	135,987	132,633	16.2	2.5	New Orleans, La.	868,480	685,405	552,244	26.7	24.1
Middlesex County (part)	157,982	135,987	132,633	16.2	2.5	Jefferson Parish	208,769	103,873	50,427	101.0	106.0
Lowell City	92,107	97,249	101,389	— 5.3	— 4.1	Orleans Parish	627,525	570,445	494,537	10.0	15.3
Billerica town	17,867	11,101	7,933	60.9	39.9	St. Bernard Parish	32,186	11,087	7,280	190.3	52.3
Chelmsford town	15,130	9,407	8,077	60.8	16.5	New York, N.Y.	10,694,633	9,555,943	8,706,917	11.9	9.8
Dracut town	13,674	8,666	7,339	57.8	18.1	New York City	7,781,984	7,891,957	7,454,995	— 1.4	5.9
Tewksbury town	15,902	7,505	6,261	111.9	19.9	Bronx County	1,424,815	1,451,277	1,394,711	— 1.8	4.1
Tyngsborough town	3,302	2,059	1,634	60.4	26.0	Kings County	2,627,319	2,738,175	2,698,285	— 4.0	1.5
Lubbock, Tex.	156,271	101,048	51,782	54.7	95.1	New York County	1,698,281	1,950,101	1,889,924	— 13.4	3.7
Lubbock County	156,271	101,048	51,782	54.7	95.1	Queens County	1,809,578	1,550,849	1,297,634	16.7	19.5
Lynchburg, Va.	110,701	96,936	90,862	14.2	6.7	Richmond County	221,991	191,555	174,441	15.9	9.8
Lynchburg City	54,790	47,727	44,541	14.8	7.2	Nassau County	1,300,171	672,765	406,748	93.3	65.4
Amherst County	22,953	20,322	20,273	12.9	3	Rockland County	136,803	89,276	74,281	53.2	20.2
Campbell County	32,958	28,877	26,048	14.1	10.9	Suffolk County	666,784	276,129	197,355	141.5	39.9
Macon, Ga.	180,403	135,043	95,086	33.6	42.0	Westchester County	808,891	625,816	573,558	29.3	9.1
Bibb County	141,249	114,079	83,783	28.8	36.2	Newark, N.J.	1,689,420	1,468,458	1,291,416	15.0	13.7
Houston County	39,154	20,964	11,303	86.8	85.5	Essex County	923,545	905,949	837,340	1.9	8.2
Madison, Wis.	222,095	169,357	130,660	31.1	29.6	Morris County	261,620	164,371	125,732	59.2	30.7
Dane County	222,095	169,357	130,660	31.1	29.6	Union County	504,255	398,138	328,344	26.7	21.3
Manchester, N.H.	95,512	88,370	81,932	8.1	7.9	Newport News-Hampton, Va.	224,503	154,977	93,353	44.9	66.0
Hillsborough County (part)	95,512	88,370	81,932	8.1	7.9	Newport News City	113,662	42,358	37,067	168.3	14.3
Manchester City	88,282	82,732	77,685	6.7	6.5	Hampton City	89,258	5,966	5,898	1,396.1	1.2
Goffstown town	7,230	5,638	4,247	28.2	32.8	York County	21,583	11,750	8,857	83.7	32.7
Memphis, Tenn.	627,019	482,393	358,250	30.0	34.7	Norfolk-Portsmouth, Va.	578,507	446,200	285,927	29.7	72.3
Shelby County	627,019	482,393	358,250	30.0	34.7	Norfolk City	305,872	213,513	144,332	43.3	47.9
Meriden, Conn.	51,850	44,088	39,494	17.6	11.6	South Norfolk City	22,035	10,434	8,038	111.2	29.8
New Haven County (part)	51,850	44,088	39,494	17.6	11.6	Portsmouth City	114,773	80,039	50,745	43.4	57.7
Meriden City	51,850	44,088	39,494	17.6	11.6	Virginia Beach City	8,091	5,390	2,600	50.1	107.3
Miami, Fla.	935,047	495,084	267,739	88.9	84.9	Norfolk County	51,612	99,937	35,828	— 48.4	178.9
Dade County	935,047	495,084	267,739	88.9	84.9	Princess Anne County	76,125	42,277	19,984	80.1	111.6
Midland, Tex.	67,717	25,785	11,721	162.6	120.0	Norwalk, Conn.	96,756	65,685	50,936	47.3	29.0
Midland County	67,717	25,785	11,721	162.6	120.0	Fairfield County (part)	96,756	65,685	50,936	47.3	29.0
Milwaukee, Wis.	1,194,290	956,948	829,629	24.8	15.3	Norwalk City	67,775	49,460	39,849	37.0	24.1
Milwaukee County	1,036,041	871,047	766,885	18.9	13.6	Westport town	20,955	11,667	8,258	79.6	41.3
Waukesha County	158,249	85,901	62,744	84.2	36.9	Wilton town	8,026	4,558	2,829	76.1	61.1
Minneapolis-St. Paul, Minn.	1,482,030	1,151,053	967,367	28.8	19.0	Odessa, Tex.	90,995	42,102	15,051	116.1	179.7
Anoka County	85,916	35,579	22,443	141.5	58.5	Ector County	90,995	42,102	15,051	116.1	179.7
Dakota County	78,303	49,019	39,660	59.7	23.5	Ogden, Utah	110,744	83,319	56,714	32.9	46.9
Hennepin County	842,854	676,579	568,899	24.6	18.9	Weber County	110,744	83,319	56,714	32.9	46.9
Ramsey County	422,525	355,332	309,935	18.9	14.6	Oklahoma City, Okla.	511,833	392,439	209,216	30.4	31.2
Washington County	52,432	34,544	26,430	51.8	30.7	Canadian County	24,727	25,644	27,329	— 3.6	— 6.2
Mobile, Ala.	314,301	231,105	141,974	36.0	62.8	Cleveland County	47,600	41,443	27,728	14.9	49.5
Mobile County	314,301	231,105	141,974	36.0	62.8	Oklahoma County	439,506	325,352	244,159	35.1	33.3
Monroe, La.	101,663	74,713	59,168	36.1	26.3	Omaha, Nebr.-Iowa	457,873	366,395	325,153	25.0	12.7
Ouachita Parish	101,663	74,713	59,168	36.1	26.3	Douglas County, Nebr.	343,490	281,020	247,562	22.2	13.5
Montgomery, Ala.	169,210	138,965	114,420	21.8	21.8	Sarpy County, Nebr.	31,281	15,693	10,835	99.3	44.8
Montgomery County	169,210	138,965	114,420	21.8	21.8	Pottawattamie County, Iowa	83,102	69,682	66,756	19.3	4.4
Muncie, Ind.	110,938	90,252	74,963	22.9	20.4	Orlando, Fla.	318,487	41,833	92,378	124.6	53.5
Delaware County	110,938	90,252	74,963	22.9	20.4	Orange County	263,540	114,950	70,074	129.3	64.0
Muskegon-Muskegon Heights, Mich.	149,943	121,545	94,501	23.4	28.6	Seminole County	54,947	26,883	22,304	104.4	20.5
Muskegon County	149,943	121,545	94,501	23.4	28.6	Paterson-Clifton-Passaic, N.J.	1,186,873	876,232	718,999	35.5	21.9
Nashville, Tenn.	399,743	321,758	257,267	24.2	25.1	Bergen County	780,255	539,139	409,646	44.7	31.6
Davidson County	399,743	321,758	257,267	24.2	25.1	Passaic County	406,618	337,093	309,353	20.6	9.0
						Pensacola, Fla.	203,376	131,260	90,752	64.9	44.6
						Escambia County	173,829	112,706	74,667	54.2	50.9
						Santa Rosa County	29,547	18,554	16,085	50.2	15.3

TABLE 31.—Population of standard metropolitan statistical areas and component areas in the United States and the Commonwealth of Puerto Rico, 1940-60—Continued

[Figures relate to areas as defined for 1960. Minus sign (—) denotes decrease. Percent not shown where less than 0.1]

Standard metropolitan statistical area	1960	1950	1940	Percent increase		Standard metropolitan statistical area	1960	1950	1940	Percent increase		
				1950-60	1940-50					1950-60	1940-50	
Peoria, Ill.	288,833	250,512	211,736	15.3	18.3	Richmond, Va.	408,494	328,050	266,185	24.5	23.2	
Peoria County	189,044	174,347	153,374	8.4	13.7	Richmond City	219,958	230,310	193,042	-4.5	19.3	
Tazewell County	99,789	76,165	58,362	31.0	30.5	Chesterfield County	71,197	40,400	31,183	76.2	29.6	
Philadelphia, Pa.-N.J.	4,342,897	3,671,048	3,199,637	18.3	14.7	Henrico County	117,339	57,340	41,960	104.6	36.7	
Bucks County, Pa.	308,567	144,620	107,715	113.4	34.3	Roanoke, Va.	158,803	133,407	112,184	19.0	18.9	
Chester County, Pa.	210,608	159,141	135,626	32.3	17.3	Roanoke City	97,110	91,921	69,287	5.6	32.7	
Delaware County, Pa.	553,154	414,234	310,756	33.5	33.3	Roanoke County	61,693	41,486	42,897	48.7	-3.3	
Montgomery County, Pa.	516,682	353,068	289,247	46.3	22.1	Rochester, N.Y.	586,387	487,632	438,230	20.3	11.3	
Philadelphia County, Pa.	2,002,512	2,071,605	1,931,334	-3.3	7.3	Monroe County	586,387	487,632	438,230	20.3	11.3	
Burlington County, N.J.	224,499	135,910	97,013	65.2	40.1	Rockford, Ill.	209,765	152,385	121,178	37.7	25.8	
Camden County, N.J.	392,035	300,743	255,727	30.4	17.6	Winnebago County	209,765	152,385	121,178	37.7	25.8	
Gloucester County, N.J.	134,840	91,727	72,219	47.0	27.0	Sacramento, Calif.	502,778	277,140	170,333	81.4	62.7	
Phoenix, Ariz.	663,510	331,770	186,193	100.0	73.2	Sacramento County	502,778	277,140	170,333	81.4	62.7	
Maricopa County	663,510	331,770	186,193	100.0	73.2	Saginaw, Mich.	190,752	153,515	130,468	24.3	17.7	
Pittsburgh, Pa.	2,405,435	2,213,236	2,082,556	8.7	6.3	Saginaw County	190,752	153,515	130,468	24.3	17.7	
Allegheny County	1,628,587	1,515,237	1,411,539	7.5	7.3	St. Joseph, Mo.	90,581	96,826	94,067	-6.4	2.9	
Beaver County	206,948	175,192	156,754	18.1	11.8	Buchanan County	90,581	96,826	94,067	-6.4	2.9	
Washington County	217,271	209,628	210,852	3.6	-0.6	St. Louis, Mo.-Ill.	2,060,103	1,719,288	1,464,111	19.8	17.4	
Westmoreland County	352,629	313,179	303,411	12.6	3.2	St. Louis City, Mo.	750,026	856,796	816,048	-12.5	5.0	
Pittsfield, Mass.	73,839	66,567	60,996	10.9	9.1	Jefferson County, Mo.	66,377	38,007	32,023	74.6	18.7	
Berkshire County (part)	73,839	66,567	60,996	10.9	9.1	St. Charles County, Mo.	52,970	29,834	25,562	77.5	16.7	
Pittsfield City	57,879	53,348	49,684	6.5	7.4	St. Louis County, Mo.	703,532	406,349	274,230	73.1	48.2	
Dalton town	6,436	4,772	4,206	34.9	13.5	Madison County, Ill.	224,689	182,307	149,349	23.2	22.1	
Lenox town	4,253	3,627	2,884	17.3	25.8	St. Clair County, Ill.	262,509	205,995	166,899	27.4	23.4	
Lee town	5,271	4,820	4,222	9.4	14.2	Salt Lake City, Utah	383,035	274,895	211,623	39.3	29.9	
Portland, Maine	120,655	119,942	106,566	0.6	12.6	Salt Lake County	383,035	274,895	211,623	39.3	29.9	
Cumberland County (part)	120,655	119,942	106,566	0.6	12.6	San Angelo, Tex.	64,630	58,929	39,302	9.7	49.9	
Portland City	72,566	77,634	73,643	-6.5	5.4	Tom Green County	64,630	58,929	39,302	9.7	49.9	
South Portland City	22,788	21,866	15,781	4.2	38.6	San Antonio, Tex.	687,151	500,460	338,176	37.3	48.0	
Westbrook City	13,820	12,284	11,087	12.5	10.8	Bexar County	687,151	500,460	338,176	37.3	48.0	
Cape Elizabeth town	5,505	3,816	3,172	44.3	20.3	San Bernardino-Riverside- Ontario, Calif.	809,782	451,688	266,632	79.3	69.4	
Falmouth town	5,976	4,342	2,883	37.6	50.6	Riverside County	306,191	170,046	105,524	80.1	61.1	
Portland, Oreg.-Wash.	821,897	704,829	501,275	16.6	40.6	San Bernardino County	503,591	281,642	161,108	78.8	74.8	
Clackamas County, Oreg.	113,038	86,716	57,130	30.4	51.8	San Diego, Calif.	1,033,011	556,808	289,348	85.5	92.4	
Multnomah County, Oreg.	522,813	471,537	355,099	10.9	32.8	San Diego County	1,033,011	556,808	289,348	85.5	92.4	
Washington County, Oreg.	92,237	61,269	39,194	50.5	56.3	San Francisco-Oakland, Calif.	2,783,359	2,240,767	1,464,804	24.2	53.3	
Clark County, Wash.	93,809	85,307	49,852	10.0	71.1	Alameda County	908,209	740,315	513,011	22.7	44.3	
Providence-Pawtucket, R.I.- Mass.	816,148	760,202	695,253	7.4	9.3	Contra Costa County	409,030	298,984	100,450	36.8	197.6	
Providence County, R.I.	(part)	558,074	566,756	544,124	-1.5	4.2	Marin County	146,820	85,619	52,907	71.5	61.8
Central Falls City	19,858	23,550	25,248	-15.7	-6.7	San Francisco County	740,316	775,357	634,536	-4.5	22.2	
Cranston City	66,766	55,060	47,085	21.3	16.9	San Mateo County	444,387	235,659	111,782	88.6	110.8	
East Providence City	41,955	35,871	32,165	17.0	11.5	Solano County	134,597	104,833	49,118	28.4	113.4	
Pawtucket City	81,001	81,436	75,797	-5	7.4	San Jose, Calif.	642,315	290,547	174,949	121.1	66.1	
Providence City	207,498	248,674	253,504	-16.6	-1.9	Santa Clara County	642,315	290,547	174,949	121.1	66.1	
Woonsocket City	47,080	50,211	49,303	-6.2	1.8	Santa Barbara, Calif.	168,962	98,220	70,555	72.0	39.2	
Burrillville town	9,119	8,774	8,185	3.9	7.2	Santa Barbara County	168,962	98,220	70,555	72.0	39.2	
Cumberland town	18,792	12,842	10,625	46.3	20.9	Savannah, Ga.	188,299	151,481	117,970	24.3	28.4	
Johnston town	17,160	12,725	10,672	34.9	19.2	Chatham County	188,299	151,481	117,970	24.3	28.4	
Lincoln town	13,551	11,270	10,577	20.2	6.6	Scranton, Pa.	234,531	257,396	301,243	-8.9	-14.6	
North Providence town	18,220	13,927	12,156	30.8	14.6	Lackawanna County	234,531	257,396	301,243	-8.9	-14.6	
North Smithfield town	7,632	5,726	4,196	33.3	36.5	Seattle, Wash.	1,107,213	844,572	593,734	31.1	42.2	
Smithfield town	9,442	6,690	4,611	41.1	45.1	King County	935,014	732,992	504,980	27.6	45.2	
Washington County, R.I.	(part)	22,421	17,098	6,164	31.1	177.4	Snohomish County	172,199	111,580	88,754	54.3	25.7
Narragansett town	3,444	2,288	1,560	50.5	46.7	Shreveport, La.	281,481	216,686	183,365	29.9	18.2	
North Kingstown town	18,977	14,810	4,604	28.1	221.7	Bossier Parish	57,622	40,139	33,162	43.6	21.0	
Kent County, R.I. (part)	111,450	76,916	57,785	44.9	33.1	Caddo Parish	223,859	176,547	150,203	26.8	17.5	
Warwick City	68,504	43,028	28,757	59.2	49.6	Sioux City, Iowa	107,849	103,917	103,627	3.8	.3	
Coventry town	15,432	9,869	6,998	56.4	41.0	Woodbury County	107,849	103,917	103,627	3.8	.3	
East Greenwich town	6,100	4,923	3,842	23.9	28.1	Sioux Falls, S. Dak.	86,575	70,910	57,697	22.1	22.9	
West Warwick town	21,414	19,096	18,188	12.1	5.0	Minnehaha County	86,575	70,910	57,697	22.1	22.9	
Providence-Pawtucket, R.I.: Bristol County, R.I. (part)	37,146	29,079	25,548	27.7	13.8	South Bend, Ind.	238,614	205,058	161,823	16.4	26.7	
Barrington town	13,826	8,246	6,231	67.7	32.3	St. Joseph County	238,614	205,058	161,823	16.4	26.7	
Bristol town	14,570	12,320	11,159	18.3	10.4	Spokane, Wash.	278,333	221,561	164,652	25.6	34.6	
Warrentown	8,750	8,513	8,158	2.8	4.4	Spokane County	278,333	221,561	164,652	25.6	34.6	
Newport County, R.I.	(part)	2,267	2,068	1,744	9.6	18.6	Springfield, Ill.	146,539	131,484	117,912	11.5	11.5
Jamestown town	2,267	2,068	1,744	9.6	18.6	Sangamon County	146,539	131,484	117,912	11.5	11.5	
Bristol County, Mass.	(part)	50,294	42,059	37,342	19.6	12.6	Springfield, Mo.	126,276	104,823	90,541	20.5	15.8
Attleboro City	27,118	23,809	22,071	13.9	7.9	Greene County	126,276	104,823	90,541	20.5	15.8	
North Attleboro town	14,777	12,146	10,359	21.7	17.3	Springfield, Ohio	131,440	111,661	95,647	17.7	16.7	
Seekonk town	8,399	6,104	4,912	37.6	24.3	Clark County	131,440	111,661	95,647	17.7	16.7	
Norfolk County, Mass.	(part)	27,799	19,566	16,258	42.1	20.3	Springfield-Chicopee- Holyoke, Mass.	478,592	413,494	371,972	15.7	11.2
Bellingham town	6,774	4,100	2,979	65.2	37.6	Hampden County (part)	414,770	357,547	323,899	16.0	10.4	
Franklin town	10,530	8,037	7,303	31.0	10.1	Chicopee city	61,553	49,				

TABLE 31.—Population of standard metropolitan statistical areas and component areas in the United States and the Commonwealth of Puerto Rico, 1940-60—Continued

[Figures relate to areas as defined for 1960. Minus sign (—) denotes decrease. Percent not shown where less than 0.1]

Standard metropolitan statistical area	1960	1950	1940	Percent increase		Standard metropolitan statistical area	1960	1950	1940	Percent increase	
				1950 to 1960	1940 to 1950					1950 to 1960	1940 to 1950
Steubenville-Weirton, Ohio—						Waterloo, Iowa—	122,482	100,448	79,946	21.9	25.6
W. Va.-----	167,756	157,787	155,214	6.3	1.7	Black Hawk County-----	122,482	100,448	79,946	21.9	25.6
Jefferson County, Ohio-----	99,201	96,495	98,129	2.8	-1.7	West Palm Beach, Fla.-----	228,106	114,688	79,989	98.9	43.4
Brooke County, W. Va.-----	28,940	26,904	25,513	7.6	5.5	Palm Beach County-----	228,106	114,688	79,989	98.9	43.4
Hancock County, W. Va.-----	39,615	34,388	31,572	15.2	8.9	Wheeling, W. Va.-Ohio-----	190,342	196,305	208,918	-3.0	-6.0
Stockton, Calif.-----	249,989	200,750	134,207	24.5	49.6	Ohio County, W. Va.-----	68,437	71,672	73,115	-4.5	-2.0
San Joaquin County-----	249,989	200,750	134,207	24.5	49.6	Marshall County, W. Va.-----	38,041	36,893	40,189	3.1	-8.2
Syracuse, N. Y.-----	563,781	465,114	405,981	12.2	14.6	Belmont County, Ohio-----	83,864	87,740	95,614	-4.4	-8.2
Madison County-----	54,635	46,214	39,598	18.2	16.7	Wichita, Kans.-----	343,231	222,290	143,311	54.4	55.1
Onondaga County-----	423,028	341,719	295,108	23.8	15.8	Sedgwick County-----	343,231	222,290	143,311	54.4	55.1
Oswego County-----	86,118	77,181	71,275	11.6	8.3	Wichita Falls, Tex.-----	129,638	105,309	81,203	23.1	29.7
Tacoma, Wash.-----	321,590	275,876	182,081	16.6	51.5	Archer County-----	6,110	6,816	7,599	-10.4	-10.3
Pierce County-----	321,590	275,876	182,081	16.6	51.5	Wichita County-----	123,528	98,493	73,604	25.4	33.8
Tampa-St. Petersburg, Fla.-----	772,453	409,143	272,000	88.8	50.4	Wilkes-Barre-Hazleton, Pa.-----	346,972	392,241	441,518	-11.5	-11.2
Hillsborough County-----	397,788	249,894	180,148	59.2	38.7	Luzerne County-----	346,972	392,241	441,518	-11.5	-11.2
Pinellas County-----	374,665	159,249	91,852	135.3	73.4	Wilmington, Del.-N.J.-----	366,157	268,387	221,836	36.4	21.0
Terre Haute, Ind.-----	108,458	105,160	99,709	3.1	5.5	New Castle County, Del.-----	307,446	218,879	179,562	40.5	21.9
Vigo County-----	108,458	105,160	99,709	3.1	5.5	Salem County, N.J.-----	58,711	49,508	42,274	18.6	17.1
Texarkana, Tex.-Ark.-----	91,657	94,580	82,082	-3.1	15.2	Winston-Salem, N.C.-----	189,428	146,135	126,475	29.6	15.5
Bowie County, Ark.-----	59,971	61,966	50,208	-3.2	23.4	Forsyth County-----	189,428	146,135	126,475	29.6	15.5
Miller County, Ark.-----	31,686	32,614	31,874	-2.8	2.3	Worcester, Mass.-----	323,306	303,037	276,453	6.7	9.6
Toledo, Ohio-----	456,931	395,551	344,333	15.5	14.9	Worcester County (part)-----	323,306	303,037	276,453	6.7	9.6
Lucas County-----	456,931	395,551	344,333	15.5	14.9	Worcester City-----	186,587	203,486	193,694	-8.3	5.1
Topeka, Kans.-----	141,286	105,418	91,247	34.0	15.5	Auburn town-----	14,047	8,840	6,629	58.9	33.4
Shawnee County-----	141,286	105,418	91,247	34.0	15.5	Berlin town-----	1,742	1,349	1,057	29.1	27.6
Trenton, N.J.-----	266,392	229,781	197,318	15.9	16.5	Boylston town-----	2,367	1,700	1,388	39.2	22.5
Mercer County-----	266,392	229,781	197,318	15.9	16.5	Brookfield town-----	1,751	1,567	1,393	11.7	12.5
Tucson, Ariz.-----	265,660	141,216	72,838	88.1	93.9	East Brookfield town-----	1,533	1,243	1,016	23.3	22.3
Pima County-----	265,660	141,216	72,838	88.1	93.9	Grafton town-----	10,627	8,281	7,457	28.3	11.1
Tulsa, Okla.-----	418,974	327,900	290,368	27.8	12.9	Holden town-----	10,117	5,975	3,924	69.3	52.3
Creek County-----	40,495	43,143	55,503	-6.1	-22.3	Leicester town-----	8,177	6,029	4,851	35.6	24.3
Osage County-----	32,441	33,071	41,502	-1.9	-20.3	Millbury town-----	9,623	8,347	6,983	15.3	19.3
Tulsa County-----	346,038	251,686	193,363	37.5	30.2	Northborough town-----	6,687	3,122	2,382	114.2	31.1
Tuscaloosa, Ala.-----	109,047	94,092	76,036	15.9	23.7	Northbridge town-----	10,800	10,476	10,242	3.1	2.3
Tuscaloosa County-----	109,047	94,092	76,036	15.9	23.7	North Brookfield town-----	3,616	3,444	3,304	5.0	4.2
Tyler, Tex.-----	86,350	74,701	69,090	15.6	8.1	Oxford town-----	9,282	5,851	4,623	58.6	26.6
Smith County-----	86,350	74,701	69,090	15.6	8.1	Shrewsbury town-----	16,622	10,594	7,586	56.9	39.7
Utica-Rome, N.Y.-----	330,771	284,262	263,163	16.4	8.0	Spencer town-----	7,838	7,027	6,641	11.5	5.8
Herkimer County-----	66,370	61,407	59,527	8.1	3.2	Sutton town-----	3,638	3,102	2,749	17.3	12.8
Oneida County-----	264,401	222,855	203,636	18.6	9.4	Upton town-----	3,127	2,656	2,249	17.7	18.1
Waco, Tex.-----	150,091	130,194	101,898	15.3	27.8	Westborough town-----	9,599	7,378	6,463	30.1	14.2
McLennan County-----	150,091	130,194	101,898	15.3	27.8	West Boylston town-----	5,526	2,570	1,822	115.0	41.1
Washington, D.C.-Md.-Va.-----	2,001,897	1,464,089	967,985	36.7	51.3	York, Pa.-----	238,336	202,737	178,022	17.6	13.9
Washington, D.C.-----	763,956	802,178	663,091	-4.8	21.0	York County-----	238,336	202,737	178,022	17.6	13.9
Alexandria City, Va.-----	91,023	61,787	33,523	47.3	84.3	Youngstown-Warren, Ohio-----	509,006	416,544	372,566	22.2	11.8
Falls Church City, Va.-----	10,912	7,535	2,576	35.3	192.5	Mahoning County-----	300,480	257,629	240,251	16.6	7.2
Arlington County, Va.-----	163,401	135,449	57,040	20.6	137.5	Trumbull County-----	208,526	158,915	132,315	31.2	20.3
Fairfax County, Va.-----	275,002	98,557	38,353	179.0	157.0						
Montgomery County, Md.-----	340,928	164,401	83,912	107.4	95.9	PUERTO RICO					
Prince Georges County, Md.-----	357,395	194,182	89,490	84.1	117.0	Mayagüez, P.R.-----	83,850	87,307	76,487	-4.0	14.1
Waterbury, Conn.-----	181,638	154,656	138,779	17.4	11.4	Mayagüez Municipio-----	83,850	87,307	76,487	-4.0	14.1
New Haven County (part)-----	160,951	139,061	125,754	15.7	10.6	Ponce, P.R.-----	145,586	126,810	105,116	14.8	20.6
Waterbury City-----	107,130	104,477	99,314	2.5	5.2	Ponce Municipio-----	145,586	126,810	105,116	14.8	20.6
Naugatuck Borough-----	19,511	17,455	15,388	11.8	13.4	San Juan, P.R.-----	588,805	465,741	302,765	26.4	53.8
Beacon Falls town-----	2,886	2,067	1,756	39.6	17.7	San Juan Municipio-----	451,658	224,767	169,247	100.9	32.8
Cheshire town-----	13,383	6,295	4,352	112.6	44.6	Cataño Municipio-----	25,208	19,865	9,719	26.9	104.4
Middlebury town-----	4,785	3,318	2,173	44.2	52.7	Bayamón Municipio-----	72,221	48,000	37,190	50.5	29.1
Prospect town-----	4,367	1,896	1,006	130.3	88.5	Guaynabo Municipio-----	39,718	29,120	18,319	36.4	59.0
Wolcott town-----	8,889	3,553	1,765	105.2	101.3						
Litchfield County (part)-----	20,687	15,595	13,025	32.7	19.7						
Thomaston town-----	5,850	4,896	4,238	19.5	15.5						
Watertown town-----	14,837	10,699	8,787	38.7	21.8						

TABLE 32.—Population of standard consolidated areas, 1940-60

[Figures relate to areas as defined for 1960. Minus sign (—) denotes decrease]

Standard consolidated area	1960	1950	1940	Percent increase		Standard consolidated area	1960	1950	1940	Percent increase	
				1950-60	1940-50					1950-60	1940-50
New York-northeastern New Jersey-----	14,759,429	12,911,904	11,660,839	14.3	10.7	Somerset County, N.J.-----	143,913	99,052	74,390	45.3	33.2
New York, N.Y., SMSA-----	10,694,633	9,555,943	8,706,917	11.9	9.8	Chicago-northwestern Indiana-----	6,794,461	5,586,096	4,890,674	21.6	14.2
Newark, N.J., SMSA-----	1,689,420	1,468,458	1,291,416	15.0	13.7	Chicago, Ill., SMSA-----	6,220,913	5,177,868	4,569,643	20.1	13.3
Jersey City, N.J., SMSA-----	610,734	647,437	652,040	-5.7	-7.7	Gary-Hammond-East Chicago, Ind., SMSA-----	573,548	408,228	321,031	40.5	27.2
Paterson-Clifton-Passaic, N.J., SMSA-----	1,186,873	876,232	718,999	35.5	21.9						
Middlesex County, N.J.-----	433,856	264,872	217,077	63.8	22.0						

Mr. Speaker, included therein for metro statistical planning, as a condition for getting any Federal money under any of the ongoing, existing grant-in-aid programs that I just read, included therein are a number of counties in the State of Florida, as well as a combination of cities, Tampa and St. Petersburg, which are specifically included and for which joint metro planning is required—for all of Hillsboro and Pinellas Counties combined.

Mr. Speaker, that means planning all of these things together, jointly, under a metro government, for all such standard metropolitan statistical areas in order to continue to obtain Federal grants or to obtain any money under any of the present programs which I have just mentioned.

Well, Mr. Speaker, what right in the world has the Federal Government in requiring Tampa to plan with St. Pete insofar as sewage treatment programs are concerned, or libraries, or many other programs covered under this legislation? These cities are about 20 miles apart and have differently constituted local governments and no legislative authority for conforming to Federal demands.

Well, Mr. Speaker, if you want to get in a battle with the rights of local governments in the State of Florida, and the people that do not want metro government, this is one way to do it.

Mr. Speaker, I do not believe that the Members of the House realize that all of these grant programs are going to be in jeopardy, unless they conform to metro planning, thus acquiescing in the heavy-handed bureaucratic pressure of the Federal Government over existing programs.

Mr. Speaker, what is at stake is not only the primary and secondary highways, but the interstate money—\$4 billion a year—which was authorized just a few months ago for these highway programs for the years in the future—\$3.4 billion was authorized just the other day by this House, and rightly so, for sewage treatment plant construction. Now, these programs are to be jeopardized in the name of master planning required by the Federal Government.

Mr. Speaker, what business is it of the Federal Government to require the planners for the cities of Tampa, Fla., and of St. Petersburg that they can or cannot build a sewage treatment plant because such metro planners are required by this section.

It is none of the Federal Government's business, and I will guarantee you that the people of the congressional district which it is my honor to represent would say so, if they had a right to vote on the matter.

Mr. Speaker, these are some of the many problems involved with metro government planning on a standard metropolitan statistical area as required by this section.

Mr. Speaker, this joint metro area planning includes the county in Texas in which the city of El Paso is located. It includes the entire county in Texas in which the city of Houston is located. It includes the entire county in Texas in which the city of Dallas is located. It includes the entire county in Texas in which the city of Fort Worth is located.

Mr. Speaker, areawide planning under penalty of losing all Federal funds is a dangerous thing.

Mr. Speaker, under section 204, metro planning includes two States and the District of Columbia in this area, and this area as an area, is going to have to plan everything—libraries, sewage-treatment plants—on the areawide, metrogovernment basis. And, of course, these metro areas, and how these areas are set up, are subject to the whims of Dr. Weaver's guidelines, and he can exercise any discretion which he chooses to exercise with respect to these matters.

Mr. Speaker, I say to you and to the Members of the House that this is a dangerous thing, a very dangerous thing.

How did it get into this bill? The administration did not recommend it. It got in this bill because a Member of the other body, Senator MUSKIE, demanded it be put in. It was put in. It was not fully understood or considered, and the House committee swallowed it lock, stock, and barrel. This is another reason why this bill should be killed and the conference report voted down.

The SPEAKER. The time of the gentleman from Florida has expired.

Mr. PATMAN. Mr. Speaker, I yield 3 minutes to the gentleman from Arizona [Mr. RHODES].

(Mr. RHODES of Arizona asked and was given permission to revise and extend his remarks.)

Mr. RHODES of Arizona. Mr. Speaker, I am convinced that this conference report should be defeated. I wish it could have been recommitted.

The conference report adopts a position which is completely at variance with the position the House adopted when the bill was passed by this body. It is a sell-out to the Senate, and I think that it is something which all the Members of the House should resent. They should show their resentment by voting down the conference report.

On October 14—

Mr. ROONEY of New York. Mr. Speaker, will the gentleman yield?

Mr. RHODES of Arizona. No; I cannot yield. I have only 3 minutes.

On October 14 my colleague [Mr. Brock] offered an amendment to the demonstration cities bill which would place an income ceiling of \$7,500 on families eligible for admission for the FHA section 221(d)(3) below market interest rate program. This amendment was rejected by the House, but later an amendment for \$10,000 was offered by the gentleman from Illinois [Mr. ANDERSON], which was adopted.

I was most dismayed to discover that the conferees on this bill rejected the \$10,000 income ceiling for families eligible to obtain housing with a subsidized 3 percent interest rate mortgage obtained from the U.S. Treasury.

This leaves the state of the law about like this: There is no ceiling whatsoever in the law as to eligibility of families to participate under this program. There is a ceiling in the regulations, but they can be changed at any time. This represents another instance in which the majority have surrendered powers reserved to the prerogative of the Congress to the executive department.

I am sure that many Members of the

House have in their constituencies families whose incomes are \$6,000 and \$7,000 who are ready, willing, and able to go their own way to provide shelter for their families without subsidy from the Federal Government. Yet, here we subsidize families with incomes much higher—and without any ceiling in the law.

Reflect for one moment on this anomalous situation. The Federal National Mortgage Association has been authorized to draw \$1.8 billion from the Treasury to buy mortgages with a 3-percent interest rate in order to subsidize the rents of families whose incomes are far beyond the median and average incomes of American families. Yet when the Congress recently authorized the Federal National Mortgage Association to spend \$1 billion to buy mortgages at a market rate of 6 percent interest plus a mortgage insurance premium the administration impounded this \$1 billion because it was inflationary.

I cannot dismiss lightly the apparent preoccupation of this administration, and the majority of the Members of the House of this Congress, in perpetuating and expanding a subsidy program for upper middle income families. Can this Nation afford to have its burgeoning middle class dependent on the Federal Government for its shelter? Do the middle-class families want to be dependent on the Federal Government for shelter? The answer is "No, they do not." It is equally obvious that the Federal Government cannot afford to have them be dependent.

I hope that when the Congress reconvenes next year that both the Committee on Appropriations and the Committee on Banking and Currency will reconsider their apparent espousal of this 3-percent middle-income subsidy program, and terminate the program. When a subsidy program has taken such a hold on Members of the Congress then truly I fear for this great Republic.

Mr. PATMAN. Mr. Speaker, to close the debate, I yield to the gentleman from Pennsylvania [Mr. BARRETT].

(Mr. BARRETT asked and was given permission to revise and extend his remarks.)

Mr. BARRETT. Mr. Speaker, I just want to point out to both sides of the aisle that in the conference we had approximately 50 differences to settle and we yielded on 15 points.

There were some points there that were talked about informally, on the basis that some of the amendments might be considered by both sides and not be considered favorably.

But because of the very fine representation of the minority, we were able to hold most of the minority's amendments in the conference report.

I am very happy I am able to say here this afternoon that the minority leader in the housing subcommittee has said that he does not altogether agree with the conference report but that he will support it. This is the most important thing—he will support it just as I will support it. Because it helps the people who are in dire need. It helps those blighted areas and slum areas to be rehabilitated. It helps that person who is in dire need and gives him consideration from a human standpoint and gives

him an opportunity to live in a decent environment.

There are no differences here this afternoon that we did not have on the day that we debated this bill.

On our left here on the minority side of the House, you heard the same speakers saying the identical same thing. If anything, here today, you are hearing a repetition. Of course, I do not say you are not hearing a repetition from our side. We are repetitious too. We are telling you exactly what we told you on the date we debated this bill.

Mr. Speaker, this is a good bill. It helps the communities. As I said the other day, not only does it help the communities that need this help, but it helps the taxpayers as well. Because in the demonstration cities program they say, "all available Federal aid" will be pooled and on this amount that they pool they will get 80 percent of the local share for that demonstration city project.

It will make, as I pointed out before, multiple watchdogs for these dollars that are being spent by the Federal Government.

It will be a multiple watchdog observation tower from which people can see how the Federal contributions and the local contributions are being spent.

Mr. Speaker, we are now near the end of a long, hard fight to enact the President's demonstration cities bill. Last year when I addressed my colleagues on the conference report on the great Housing Act of 1965, I said it was one of the proudest moments of my life and certainly today is an occasion of equal, if not greater, satisfaction to me personally. I want to express my gratitude to the distinguished chairman of the full committee, the gentleman from Texas [Mr. PATMAN], to the ranking minority member of the committee, the gentleman from New Jersey [Mr. WIDNALL], and to all members of the Housing Subcommittee and the full committee, as well. For 10 long months, we have labored with this great bill.

I have not begrudged 1 minute of the hundreds of hours spent on this bill because I know that it is a bill which our cities, both large and small, must have. I think we have devised a new weapon with the greatest potential to help our cities rejuvenate and rebuild their blighted and rundown areas, both in terms of physical rehabilitation and social and human rehabilitation.

Mr. Speaker, I hope this conference report is voted overwhelmingly because it is in the best interests of the people of this country.

The SPEAKER. The time of the gentleman has expired.

Mr. ARENDS. Mr. Speaker, I would ask the gentleman from Texas [Mr. PATMAN] if he would yield me some time.

Mr. PATMAN. We have yielded more than the 30 minutes to the minority. We had our program arranged just as the minority did. The gentleman from Pennsylvania [Mr. BARRETT] was closing the debate and he has closed the debate.

I must, therefore, respectfully refuse to yield any more time.

Mr. ARENDS. Mr. Speaker, that is rather unusual, under the circumstances, because time is precious and, of course, we would like to have a couple of minutes. But if that is the gentleman's attitude, we will forget about it.

Mr. PATMAN. We have people on this side who want to talk too. I do not believe the Speaker would recognize me to extend the time, and if we cannot get the time, I would have to move the previous question.

The SPEAKER. The gentleman from Texas has control of time.

Mr. PATMAN. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois.

The SPEAKER. The gentleman from Illinois is recognized for 2 minutes.

Mr. ARENDS. Mr. Speaker, some very pertinent information has been given to the membership this morning as to what took place in the conference on this bill. In view of these facts alone, I, like other Members, not only on this side of the aisle but on the other side of the aisle as well, feel very strongly that this conference report should be defeated.

Mr. JOHNSON of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. ARENDS. I yield to the gentleman from Oklahoma.

Mr. JOHNSON of Oklahoma. I would like to ask the committee two questions: How much is this legislation going to cost? Ten or fifteen years from now how much will it cost? Second, I would like to ask about the business of selecting some cities and leaving other cities alone.

Mr. BROCK. Mr. Speaker, will the gentleman yield?

Mr. ARENDS. I yield to the gentleman from Tennessee to answer the question.

Mr. BROCK. In answer to the question of the gentleman from Oklahoma, we tried diligently to get an estimate of the cost of the program, and they admitted their total incapacity to come up with any reasonable figure whatsoever.

Mr. JOHNSON of Oklahoma. The second part of the question is this: Is it part of the program to help some cities and leave other cities alone?

Mr. BROCK. I think the gentleman from Oklahoma clearly understands the situation. That is one of the reasons why the conference report should be rejected.

Mr. JONAS. Mr. Speaker, will the gentleman yield?

Mr. ARENDS. I yield to the gentleman from North Carolina.

Mr. JONAS. The gentleman from Illinois has had long service on the Armed Services Committee. He realizes that the conference committee took out a provision for housing aid for men in uniform, and at the same time approved a housing rent subsidy for civilians with incomes ranging up to nearly \$15,000. Do you think that is fair?

Mr. ARENDS. I thank the gentleman for again bringing this all-important fact to the attention of the House. Those of us, on both sides of the aisle, on the Armed Services Committee, have repeatedly called to the attention of Secretary

McNamara that while servicemen's housing is being denied we go merrily on providing more and more housing to civilians with ever-increasing annual incomes. Men in service are being denied adequate housing. Sometime back many were being housed in tents in various parts of the country because of the lack of housing. Yet at this very time we see this provision for more civilian housing taking place as reported in the conference report. It is wrong, as wrong as it can be.

Mr. PATMAN. Mr. Speaker, I yield myself 2 minutes. A question has been asked about the cost of the program. In the first year \$12 million for planning and in the second \$12 million; and \$400 million in funds for the demonstration projects themselves for the first year and \$500 million for the second year. That is all, except for \$250 million for urban renewal in the demonstration projects. But the overall cost of this bill will certainly be less than \$1.5 billion, a very small, insignificant cost in comparison to the great need that it will serve.

In connection with the conference, the gentleman from New Jersey [Mr. WIDNALL] and I have talked about this matter. I told him I would try to put it over to Wednesday, because that would suit him better. But Monday morning I was told from the other body that we had to have a conference before Tuesday noon, an agreement, or they would not agree to have any bill this year. There was considerable sentiment at the other end of the Capitol for no bill at all. Therefore I agreed we would have an informal conference Monday morning.

I got hold of all members who were here, majority and minority, and informed the minority members' staff, with the understanding that there would be no decisions made until the gentleman from New Jersey [Mr. WIDNALL] was contacted and apprised of the situation, so he could come back here if he wanted to. We did not do anything that was substantive on Monday, but on Tuesday we did have a conference of all the members, and we agreed on everything. I thought all the members were in agreement with it, because we had to yield on some points and I thought by yielding we would get their support. We did not get it.

Mr. Speaker, I move the previous question.

Mr. GALLAGHER. Mr. Speaker, this Congress has, in its waning moments, the rare opportunity to help move our country smoothly from one great era into another. The 89th Congress has brought to fruition in the 1960's the last of the dreams for a better America born in the 1930's. But we would be remiss, as legislators, if we merely contented ourselves with presiding over the twilight of a revolutionary age, while an even more dynamic epoch was already swiftly underway.

Today, 7 out of 10 Americans live in cities. Tomorrow, four out of five will reside in urban areas. At the same time, nearly twice as many people will be living in the cities and suburbs; and many more schools, houses, health, transpor-

tation and other community facilities will be needed. Action is required now, to insure adequate services in tomorrow's heavily populated, heavily urbanized, highly mobilized society.

During the past three decades, special agencies and specific legislation have been created to meet certain problems, such as housing, urban renewal, and mass transportation. These measures were as successful as possible under their limitations. The demonstration cities bill broadens the scope of these efforts into single, coordinated programs embracing entire communities.

As Robert C. Weaver, Secretary of Housing and Urban Development, pointed out:

This bill will help cities to plan, develop and carry out comprehensive city demonstration programs.

These projects, which will be devised at the local level, will restore or rebuild whole sections and neighborhoods of slum and blighted areas, while simultaneously ministering to the human needs of the people in the areas under rehabilitation.

While vast Federal programs have attacked the growing problem of urbanization, they have not been able to eradicate all of the ills of the modern city: poor housing, rundown neighborhoods, congestion, inadequate public services, rising costs, social decay and economic decline.

From these conditions are festered racial discrimination, employment frustration, hostility, hopelessness, and ugly environment—all of which could be transformed through demonstration cities into something better—a climate of hope, attractive community buildings, adequate transportation systems, and open spaces free from pollution.

The demonstration cities bill is no panacea. Federal housing and urban renewal programs did not provide adequate housing for every American family, the new Department of Transportation will not immediately solve our myriad travel problems, and this bill will not build a network of utopias in this country. But it will be a beginning; it will gradually make life more livable in cities; and most importantly, it will show us where we are wrong, and how we can best guarantee the best life possible in the coming decades. As President Johnson has said:

The prize cities of spacious beauty and lively promise—where men are truly free to determine how they will live—is too rich to be lost because the problems are complex.

A national assault on urban problems will be complex, but the price of inaction is too high: the rising cost of welfare services; crime; unemployment; declining property values; tax bases which put heavy strains on city budgets, all of which haunt all governments, and which will continue to plague them—whether local, State, or Federal—in the future. But we can avert disaster by moving quickly now to heal and revitalize our cities.

We owe it to today's budding generation. We cannot, in all conscience, leave them a heritage of chaos. We must lay a groundwork from which our

heirs in the next 30 years will be able to cope with the problems peculiar to their time, just as farsighted Congresses in the last three decades spread out a base on which we built our present society.

Simply stated, our existing urban centers, however revitalized, cannot accommodate all the urban Americans of the next generation, but this great country has the resources with which to accommodate these areas, as much as we are moved to do so. To do less would be to deny faith in man's good will and the ability to redeem his cities.

President Johnson said at the conclusion of his message to Congress on city demonstration programs:

If we begin now the planning from which action will flow, the hopes of the 20th century will become the realities of the 21st.

Mr. Speaker, I urge that the Congress adopt the Demonstration Cities Act of 1966.

Mr. CABELL. Mr. Speaker, I rise in opposition to this conference report because I am opposed to the entire premise of the demonstration cities provisions within this bill and no amount of conferences nor amendments could make of this proposal an acceptable one.

It is obvious that the administration sent this bill to the Congress many months ago prior to the recognition that we are in an overheated economy and that there is dire need for conserving our resources.

It has only been within recent weeks that the President has conferred with Governors of the several States and with mayors of the cities within those States exhorting them to slow down on their capital expenditures in order to cool off this so-called overheated economy and to ease their sales of bonds for these capital expenditures which entail additional demands upon an already tight money market.

It is inconceivable to me, in view of these facts, that the pressure should be retained for the enactment of this bill.

A careful analysis of those who are sponsoring and demanding this bill proves conclusively that this pressure comes from the older eastern and midwestern metropolises where, by their own profligacy they have painted themselves into this corner where their own taxpayers can no longer pay the cost of these past mistakes, and they are asking that the taxpayers of the Nation bail them out of their present predicament.

I hope that this great body will recognize these facts and vote not to agree with the conference report and thus kill this bad legislation for at least the 89th Congress.

Mr. PATMAN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the conference report.

The question was taken; and the Speaker announced that the "ayes" appeared to have it.

Mr. GERALD R. FORD. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 142, nays 126, answered "present" 4, not voting 160, as follows:

[Roll No. 389]

YEAS—142

Addabbo	Grabowski	Patman
Annunzio	Gray	Patten
Ashley	Green, Pa.	Pepper
Bandstra	Grider	Perkins
Barrett	Griffiths	Philbin
Beckworth	Hagen, Calif.	Pickle
Bingham	Halpern	Pike
Boggs	Hamilton	Price
Boland	Hanley	Pucinski
Brademas	Hardy	Race
Brooks	Hathaway	Redlin
Burke	Hays	Rees
Burton, Calif.	Hechler	Reid, N.Y.
Byrne, Pa.	Holland	Rhodes, Pa.
Cameron	Horton	Rodino
Carey	Joelson	Rogers, Colo.
Celler	Karsten	Ronan
Chelf	Karth	Rooney, N.Y.
Clark	Kastenmeier	Rooney, Pa.
Conyers	Kee	Rosenthal
Corbett	Kelly	Rostenkowski
Culver	Keogh	Roybal
Daddario	Kluczynski	Ryan
Daniels	Krebs	St Germain
Dawson	Kupferman	St. Onge
Delaney	Long, Md.	Scheuer
Dent	Love	Schweiker
Diggs	McDade	Sickles
Dingell	McDowell	Slack
Donohue	Macdonald	Smith, Iowa
Dow	Machen	Staggers
Dulski	Madden	Stalbaum
Edwards, Calif.	Minish	Tenzer
Fallon	Monagan	Thomas
Farbstein	Moorhead	Tupper
Farnsley	Morgan	Udall
Farnum	Morrison	Van Deerlin
Fascell	Morse	Vanik
Flood	Multer	Vigorito
Fraser	Murphy, Ill.	Vivian
Friedel	Murphy, N.Y.	Waldie
Fulton, Pa.	Nedzi	Weltner
Gallagher	O'Brien	Widnall
Garmatz	O'Hara, Ill.	Wolf
Gaiimo	O'Hara, Mich.	Young
Gibbons	Olson, Minn.	Zablocki
Gilbert	O'Neill, Mass.	
Gonzalez	Ottinger	

NAYS—126

Abbott	Downing	Mize
Anderson, Tenn.	Duncan, Tenn.	Moore
Andrews	Dwyer	Morris
George W.	Erlenborn	Natcher
Andrews, N. Dak.	Everett	Nelsen
Arends	Ford, Gerald R.	Passman
Ashbrook	Fountain	Pelly
Ashmore	Frelinghuysen	Pirnie
Bates	Gathings	Poage
Battin	Goodell	Poff
Bell	Green, Oreg.	Quie
Bennett	Grover	Quillen
Betts	Gubser	Reid, Ill.
Bolton	Gurney	Reifel
Bow	Harsha	Rhodes, Ariz.
Brock	Harvey, Mich.	Rumsfeld
Broomfield	Henderson	Satterfield
Broyhill, N.C.	Herlong	Saylor
Broyhill, Va.	Hosmer	Schneebeli
Buchanan	Hull	Secrest
Burleson	Hutchinson	Selden
Burton, Utah	Jarman	Shriver
Byrnes, Wis.	Jennings	Sikes
Cabell	Johnson, Calif.	Skubitz
Cahill	Johnson, Okla.	Smith, Calif.
Callan	Johnson, Pa.	Smith, Va.
Casey	Jones	Springer
Chamberlain	Jones, Ala.	Stubblefield
Clancy	Jones, Mo.	Teague, Calif.
Clausen	Kunkel	Teague, Tex.
Don H.	Landrum	Tuck
Cleveland	Langen	Utt
Collier	Latta	Waggonner
Conable	Lennon	Watson
Cramer	Lipscomb	Whalley
Cunningham	Long, La.	White, Tex.
Curtin	McClory	Whitten
Curtis	McCulloch	Williams
Dague	MacGregor	Wilson, Bob
Dole	Mahon	Wyatt
Dorn	Marsh	Wydler
Dowdy	May	Younger
	Mills	
	Minshall	

ANSWERED "PRESENT"—4

Conte Mathias Mosher
Leggett

NOT VOTING—160

Abernethy	Gilligan	Olsen, Mont.
Adair	Greigg	O'Neal, Ga.
Adams	Gross	Pool
Albert	Hagan, Ga.	Powell
Anderson, Ill.	Haley	Purcell
Andrews,	Hall	Randall
Glenn	Halleck	Reinecke
Aspinall	Hanna	Resnick
Ayres	Hansen, Idaho	Reuss
Baring	Hansen, Iowa	Rivers, S.C.
Belcher	Hansen, Wash.	Rivers, Alaska
Berry	Harvey, Ind.	Roberts
Blatnik	Hawkins	Robison
Bolling	Hébert	Rogers, Fla.
Bray	Helstoski	Rogers, Tex.
Brown, Calif.	Hicks	Roncalio
Brown, Clar-	Holifield	Roudebush
ence J., Jr.	Howard	Roush
Callaway	Hungate	Schisler
Carter	Huot	Schmidhauser
Cederberg	Ichord	Scott
Clawson, Del	Irwin	Senner
Clevenger	Jacobs	Shipley
Cohelan	Jones, N.C.	Sisk
Colmer	Keith	Smith, N.Y.
Cooley	King, Calif.	Stafford
Corman	King, N.Y.	Stanton
Craley	King, Utah	Steed
Davis, Ga.	Kirwan	Stephens
Davis, Wis.	Kornegay	Stratton
de la Garza	Laird	Sullivan
Denton	McCarthy	Sweeney
Derwinski	McEwen	Talcott
Devine	McFall	Taylor
Dickinson	McGrath	Thompson, N.J.
Duncan, Oreg.	McMillan	Thompson, Tex.
Dyal	McVicker	Thomson, Wis.
Edmondson	Mackay	Todd
Edwards, Ala.	Mackie	Toll
Edwards, La.	Mailliard	Trimble
Ellsworth	Martin, Ala.	Tunney
Evans, Colo.	Martin, Mass.	Tuten
Evins, Tenn.	Martin, Nebr.	Ullman
Feighan	Matsunaga	Walker, Miss.
Findley	Matthews	Walker, N. Mex.
Fino	Meeds	Watkins
Fisher	Michel	Watts
Flynt	Miller	White, Idaho
Fogarty	Mink	Whitener
Foley	Moeller	Willis
Ford,	Morton	Wilson,
William D.	Moss	Charles H.
Fulton, Tenn.	Murray	Wright
Fuqua	Nix	Yates
Gettys	O'Konski	

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Mathias for, with Mr. Belcher against.
Mr. Moss for, with Mr. Leggett against.
Mr. Mosher for, with Mr. Morton against.
Mr. Conte for, with Mr. Michel against.
Mr. Thompson of New Jersey for, with Mr. Hébert against.
Mr. Denton for, with Mr. Edmondson against.
Mr. Helstoski for, with Mr. Kornegay against.
Mr. Mackay for, with Mr. Whitener against.
Mr. Cohelan for, with Mr. Taylor against.
Mr. Evins of Tennessee for, with Mr. Abernethy against.
Mr. Matsunaga for, with Mr. Colmer against.
Mr. Mackie for, with Mr. Cooley against.
Mr. Fogarty for, with Mr. Steed against.
Mr. Howard for, with Mr. Hall against.
Mr. Trimble for, with Mr. Moeller against.
Mr. Olsen of Montana for, with Mr. Hicks against.
Mr. Ullman for, with Mr. Schisler against.
Mr. Craley for, with Mr. Foley against.
Mr. Jacobs for, with Mr. Hagan of Georgia against.
Mr. Gilligan for, with Mr. Baring against.
Mr. Feighan for, with Mr. Shipley against.
Mr. White of Idaho for, with Mr. Fuqua against.
Mr. Aspinall for, with Mr. Stephens against.
Mr. Corman for, with Mr. Schmidhauser against.

Mr. Kirwan for, with Mr. Rogers of Florida against.

Mr. King of California for, with Mr. Reinecke against.

Mr. Evans of Colorado for, with Mr. Roudebush against.

Mr. Miller for, with Mr. Duncan of Oregon against.

Mrs. Sullivan for, with Mr. Laird against.

Mr. Adams for, with Mr. Halleck against.

Mr. Blatnik for, with Mr. Fino against.

Mr. Brown of California for, with Mr. Thomson of Wisconsin against.

Mr. Clevenger for, with Mr. Ayres against.

Mr. McFall for, with Mr. Berry against.

Mr. McVicker for, with Mr. Findley against.

Mr. Dyal for, with Mr. Jones of North Carolina against.

Mr. Hawkins for, with Mr. Fisher against.

Mr. Senner for, with Mr. O'Neal of Georgia against.

Mr. Edwards of Louisiana for, with Mr. Wright against.

Mr. Yates for, with Mr. Roush against.

Mr. Sisk for, with Mr. Ichord against.

Mr. Fulton of Tennessee for, with Mr. Randall against.

Mr. Hanna for, with Mr. Rivers of South Carolina against.

Mr. Powell for, with Mr. Roberts against.

Mr. Resnick for, with Mr. Tunney against.

Mr. Rivers of Alaska for, with Mr. Watts against.

Mr. Hansen of Iowa for, with Mr. Walker of New Mexico against.

Mr. Nix for, with Mr. Scott against.

Mr. Meeds for, with Mr. King of New York against.

Mrs. Mink for, with Mr. Sweeney against.

Mr. King of Utah for, with Mr. Adair against.

Mr. Hungate for, with Mr. Stanton against.

Mr. Huot for, with Mr. Talcott against.

Mr. Irwin for, with Mr. McEwen against.

Mr. McCarthy for, with Mr. Martin of Nebraska against.

Mrs. Hansen of Washington for, with Mr. Devine against.

Mr. Stratton for, with Mr. Derwinski against.

William D. Ford for, with Mr. Del Clawson against.

Mr. Charles H. Wilson for, with Mr. Cederberg against.

Mr. Matthews for, with Mr. Robison against.

Mr. Reuss for, with Mr. Carter against.

Mr. Toll for, with Mr. Hansen of Idaho against.

Mr. Ellsworth for, with Mr. Davis of Wisconsin against.

Mr. Keith for, with Mr. Mailliard against.

Until further notice:

Mr. Rogers of Texas with Mr. Dickinson.
Mr. Albert with Mr. Edwards of Alabama.
Mr. Davis of Georgia with Mr. Glenn Andrews.

Mr. de la Garza with Mr. Harvey of Indiana.

Mr. Tuten with Mr. Bray.

Mr. Todd with Mr. Brown of Ohio.

Mr. Willis with Mr. Callaway.

Mr. Pool with Mr. Walker of Mississippi.

Mr. Purcell with Mr. Watkins.

Mr. Greigg with Mr. Stafford.

Mr. Roncalio with Mr. Smith of New York.

Mr. Murray with Mr. Anderson of Illinois.

Mr. Martin of Massachusetts with Mr. O'Konski.

Mr. LEGGETT. Mr. Speaker, I have a live pair with the gentleman from California [Mr. Moss] who if he were present would have voted "yea." I vote "nay" therefore I withdraw my vote "nay" and vote "present."

Mr. MATHIAS. Mr. Speaker, I have a live pair with the gentleman from Oklahoma [Mr. BELCHER]. If he were here, he would vote "nay." I voted "yea." I withdraw my vote and vote "present."

Mr. MOSHER. Mr. Speaker, I have a live pair with the gentleman from Maryland [Mr. MORTON]. If he was here, he would have voted "nay." I voted "yea." I withdraw my vote "yea" and vote "present."

Mr. CONTE. Mr. Speaker, I have a live pair with the gentleman from Illinois [Mr. MICHEL]. If he were here, he would vote "nay." I voted "yea." Therefore, I withdraw my vote "yea" and vote "present."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. FATMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE.

Mr. MAHON. Mr. Speaker, on behalf of the gentleman from Rhode Island [Mr. FOGARTY] I ask unanimous consent that the managers on the part of the House may have until midnight tonight to file a conference report on the bill H.R. 14745, making appropriations for the Departments of Labor and Health, Education, and Welfare, and related agencies for the fiscal year ending June 30, 1967, and for other purposes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

AMENDMENT OF UNITED STATES CODE WITH RESPECT TO SCOPE OF FEDERAL RULES OF CIVIL PROCEDURE

Mr. CELLER. Mr. Speaker, I ask unanimous consent that the Committee of the Whole House on the State of the Union be discharged from further consideration of the bill S. 3254, to amend section 2072 and 2112 of title 28, United States Code, with respect to the scope of the Federal Rules of Civil Procedure and to repeal inconsistent legislation, together with committee amendments which are technical, and ask for its immediate consideration. The bill was on the Consent Calendar and was objected to. The objector has now removed his objection.

The bill was read by title.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. MOORE. Mr. Speaker, reserving the right to object, and I shall not object, in light of my actions yesterday in respect to the unanimous-consent requests that were made in the House with respect to Senate bills or House bills with Senate



Public Law 89-754
89th Congress, S. 3708
November 3, 1966

An Act

80 STAT. 1255

To assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Demonstration Cities and Metropolitan Development Act of 1966".

Demonstration
Cities and Met-
ropolitan De-
velopment Act
of 1966.

TITLE I—COMPREHENSIVE CITY DEMONSTRATION
PROGRAMS

FINDINGS AND DECLARATION OF PURPOSE

SEC. 101. The Congress hereby finds and declares that improving the quality of urban life is the most critical domestic problem facing the United States. The persistence of widespread urban slums and blight, the concentration of persons of low income in older urban areas, and the unmet needs for additional housing and community facilities and services arising from rapid expansion of our urban population have resulted in a marked deterioration in the quality of the environment and the lives of large numbers of our people while the Nation as a whole prospers.

The Congress further finds and declares that cities, of all sizes, do not have adequate resources to deal effectively with the critical problems facing them, and that Federal assistance in addition to that now authorized by the urban renewal program and other existing Federal grant-in-aid programs is essential to enable cities to plan, develop, and conduct programs to improve their physical environment, increase their supply of adequate housing for low- and moderate-income people, and provide educational and social services vital to health and welfare.

The purposes of this title are to provide additional financial and technical assistance to enable cities of all sizes (with equal regard to the problems of small as well as large cities) to plan, develop, and carry out locally prepared and scheduled comprehensive city demonstration programs containing new and imaginative proposals to rebuild or revitalize large slum and blighted areas; to expand housing, job, and income opportunities; to reduce dependence on welfare payments; to improve educational facilities and programs; to combat disease and ill health; to reduce the incidence of crime and delinquency; to enhance recreational and cultural opportunities; to establish better access between homes and jobs; and generally to improve living conditions for the people who live in such areas, and to accomplish these objectives through the most effective and economical concentration and coordination of Federal, State, and local public and private efforts to improve the quality of urban life.

BASIC AUTHORITY

SEC. 102. The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to make grants and provide technical assistance, as provided by this title, to enable city demonstration agencies (as defined in section 112(2)) to plan, develop, and carry out comprehensive city demonstration programs in accordance with the purposes of this title.

ELIGIBILITY FOR ASSISTANCE

SEC. 103. (a) A comprehensive city demonstration program is eligible for assistance under sections 105 and 107 only if—

(1) physical and social problems in the area of the city covered by the program are such that a comprehensive city demonstration program is necessary to carry out the policy of the Congress as expressed in section 101;

(2) the program is of sufficient magnitude to make a substantial impact on the physical and social problems and to remove or arrest blight and decay in entire sections or neighborhoods; to contribute to the sound development of the entire city; to make marked progress in reducing social and educational disadvantages, ill health, underemployment, and enforced idleness; and to provide educational, health, and social services necessary to serve the poor and disadvantaged in the area, widespread citizen participation in the program, maximum opportunities for employing residents of the area in all phases of the program, and enlarged opportunities for work and training;

(3) the program, including rebuilding or restoration, will contribute to a well-balanced city with a substantial increase in the supply of standard housing of low and moderate cost, maximum opportunities in the choice of housing accommodations for all citizens of all income levels, adequate public facilities (including those needed for education, health and social services, transportation, and recreation), commercial facilities adequate to serve the residential areas, and ease of access between the residential areas and centers of employment;

(4) the various projects and activities to be undertaken in connection with such programs are scheduled to be initiated within a reasonably short period of time; adequate local resources are, or will be, available for the completion of the program as scheduled, and, in the carrying out of the program, the fullest utilization possible will be made of private initiative and enterprise; administrative machinery is available at the local level for carrying out the program on a consolidated and coordinated basis; substantive local laws, regulations, and other requirements are, or can be expected to be, consistent with the objectives of the program; there exists a relocation plan meeting the requirements of the regulations referred to in section 107; the local governing body has approved the program and, where appropriate, applications for assistance under the program; agencies whose cooperation is necessary to the success of the program have indicated their intent to furnish such cooperation; the program is consistent with comprehensive planning for the entire urban or metropolitan area; and the locality will maintain, during the period an approved comprehensive city demonstration program is being carried out, a level of aggregate expenditures for activities similar to those being assisted under this title which is not less than the level of aggregate expenditures for such activities prior to initiation of the comprehensive city demonstration program; and

(5) the program meets such additional requirements as the Secretary may establish to carry out the purposes of this title: *Provided*, That the authority of the Secretary under this paragraph shall not be used to impose criteria or establish requirements except those which are related and essential to the specific provisions of this title.

(b) In implementing this title the Secretary shall—

(1) emphasize local initiative in the planning, development, and implementation of comprehensive city demonstration programs;

(2) insure, in conjunction with other appropriate Federal departments and agencies and at the direction of the President, maximum coordination of Federal assistance provided in connection with this title, prompt response to local initiative, and maximum flexibility in programing, consistent with the requirements of law and sound administrative practice; and

(3) encourage city demonstration agencies to (A) enhance neighborhoods by applying a high standard of design, (B) maintain, as appropriate, natural and historic sites and distinctive neighborhood characteristics, and (C) make maximum possible use of new and improved technology and design, including cost reduction techniques.

(c) The preparation of demonstration city programs should include to the maximum extent feasible (1) the performance of analyses that provide explicit and systematic comparisons of the costs and benefits, financial and otherwise, of alternative possible actions or courses of action designed to fulfill urban needs; and (2) the establishment of programing systems designed to assure effective use of such analyses by city demonstration agencies and by other government bodies.

(d) Nothing in this section shall authorize the Secretary to require (or condition the availability or amount of financial assistance authorized to be provided under this title upon) the adoption by any community of a program (1) by which pupils now resident in a school district not within the confines of the area covered by the city demonstration program shall be transferred to a school or school district including all or part of such area, or (2) by which pupils now resident in a school district within the confines of the area covered by the city demonstration program shall be transferred to a school or school district not including a part of such area.

FINANCIAL ASSISTANCE FOR PLANNING COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

SEC. 104. (a) The Secretary is authorized to make grants to, and to contract with, city demonstration agencies to pay 80 per centum of the costs of planning and developing comprehensive city demonstration programs.

(b) Financial assistance will be provided under this section only if (1) the application for such assistance has been approved by the local governing body of the city, and (2) the Secretary has determined that there exist (A) administrative machinery through which coordination of all related planning activities of local agencies can be achieved, and (B) evidence that necessary cooperation of agencies engaged in related local planning can be obtained.

FINANCIAL ASSISTANCE FOR APPROVED COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

SEC. 105. (a) The Secretary is authorized to approve comprehensive city demonstration programs if, after review of the plans, he determines that such plans satisfy the criteria for such programs set forth in section 103.

(b) The Secretary is authorized to make grants to, and to contract with, city demonstration agencies to pay 80 per centum of the cost of administering approved comprehensive city demonstration programs, but not the cost of administering any project or activity assisted under a Federal grant-in-aid program.

(c) To assist the city to carry out the projects or activities included within an approved comprehensive city demonstration program, the Secretary is authorized to make grants to the city demonstration agency of not to exceed 80 per centum of the aggregate amount of non-Federal contributions otherwise required to be made to all projects or activities assisted by Federal grant-in-aid programs (as defined in section 112(1)) which are carried out in connection with such demonstration program: *Provided*, That no Federal grant-in-aid program shall be considered to be carried out in connection with such demonstration program unless it is closely related to the physical and social problems in the area of the city covered by the program and unless it can reasonably be expected to have a noticeable effect upon such problems. The specific amount of any such grant shall take into account the number and intensity of the economic and social pressures in the sections or neighborhoods involved, such as those involving or resulting from population density, poverty levels, unemployment rate, public welfare participation, educational levels, health and disease characteristics, crime and delinquency rate, and degree of substandard and dilapidated housing. The amount of non-Federal contribution required for each project in a Federal grant-in-aid program shall be certified to the Secretary by the Federal department or agency (other than the Department of Housing and Urban Development) administering such program, and the Secretary shall accept such certification in computing the grants hereunder.

(d) Grant funds provided to assist projects and activities included within an approved comprehensive city demonstration program pursuant to subsection (c) of this section shall be made available to assist new and additional projects and activities not assisted under a Federal grant-in-aid program. To the extent such funds are not necessary to support fully such new and additional projects and activities, they may be used and credited as part or all of the required non-Federal contribution to projects or activities, assisted under a Federal grant-in-aid program, which are part of an approved comprehensive city demonstration program. Such grant funds, however, shall not be used—

- (1) for the general administration of local governments; or
- (2) to replace non-Federal contributions in any federally aided project or activity included in an approved comprehensive city demonstration program, if prior to the filing of an application for assistance under section 104 an agreement has been entered into with any Federal agency obligating such non-Federal contributions with respect to such project or activity.

TECHNICAL ASSISTANCE

SEC. 106. The Secretary is authorized to undertake such activities as he determines to be desirable to provide, either directly or by contracts or other arrangements, technical assistance to city demonstration agencies to assist such agencies in planning, developing, and administering comprehensive city demonstration programs.

RELOCATION REQUIREMENTS AND PAYMENTS

SEC. 107. (a) A comprehensive city demonstration program shall include a plan for the relocation of individuals, families, business concerns, and nonprofit organizations displaced or to be displaced in the carrying out of such program. The relocation plan shall be consistent with regulations prescribed by the Secretary to assure that (1) the provisions and procedures included in the plan meet relocation standards equivalent to those prescribed under section 105(c) of the Housing Act of 1949 with respect to urban renewal projects assisted under title I of that Act, and (2) relocation activities are coordinated to the maximum extent feasible with the increase in the supply of decent, safe, and sanitary housing for families and individuals of low or moderate income, as provided under the comprehensive city demonstration program, or otherwise, in order to best maintain the available supply of housing for all such families and individuals throughout the city.

79 Stat. 475.
42 USC 1455.

(b) (1) To the extent not otherwise authorized under any Federal law, financial assistance extended to a city demonstration agency under section 105 shall include grants to cover the full cost of relocation payments, as herein defined. Such grants shall be in addition to other financial assistance extended to such agency under section 105.

(2) The term "relocation payments" means payments by a city demonstration agency to a displaced individual, family, business concern, or nonprofit organization which are made on such terms and conditions and subject to such limitations (to the extent applicable, but not including the date of displacement) as are provided for relocation payments, at the time such payments are approved, by section 114 (b), (c), (d), and (e) of the Housing Act of 1949 with respect to projects assisted under title I thereof.

"Relocation
payments."

(c) Subsection (b) shall not be applicable with respect to any displacement occurring prior to the date of the enactment of this Act.

78 Stat. 788;
79 Stat. 486.
42 USC 1465.

CONTINUED AVAILABILITY OF FEDERAL GRANT-IN-AID PROGRAM FUNDS

SEC. 108. Notwithstanding any other provision of law, unless hereafter enacted expressly in limitation of the provisions of this section, funds appropriated for a Federal grant-in-aid program which are reserved for any projects or activities assisted under such grant-in-aid program and undertaken in connection with an approved comprehensive city demonstration program shall remain available until expended.

CONSULTATION

SEC. 109. In carrying out the provisions of this title, including the issuance of regulations, the Secretary shall consult with other Federal departments and agencies administering Federal grant-in-aid programs. The Secretary shall consult with each Federal department and agency affected by each comprehensive city demonstration program before entering into a commitment to make grants for such program under section 105.

LABOR STANDARDS

SEC. 110. (a) All laborers and mechanics employed by contractors or subcontractors in the construction, rehabilitation, alteration, or repair of projects which—

(1) are federally assisted in whole or in part under this title
and

53 Stat. 807.
12 USC 1715c.
63 Stat. 430.
42 USC 1416.
68 Stat. 626.
42 USC 1459.

49 Stat. 1011;
78 Stat. 238.

63 Stat. 108.
40 USC 327.

(2) are not otherwise subject to section 212 of the National Housing Act, section 16(2) of the United States Housing Act of 1937, section 109 of the Housing Act of 1949, or any other provision of Federal law imposing labor standards on federally assisted construction,

shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5) : *Provided*. That this section shall apply to the construction, rehabilitation, alteration, or repair of residential property only if such residential property is designed for residential use for eight or more families. No financial assistance shall be extended to any such projects unless adequate assurance is first obtained that these labor standards will be maintained upon the construction work.

(b) The Secretary of Labor shall have, with respect to the labor standards specified in subsection (a), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c), and the Contract Work Hours Standards Act (76 Stat. 357).

APPROPRIATIONS

SEC. 111. (a) There are authorized to be appropriated, for the purpose of financial assistance and administrative expenses under sections 104 and 106, not to exceed \$12,000,000 for the fiscal year ending June 30, 1967, and not to exceed \$12,000,000 for the fiscal year ending June 30, 1968.

(b) There are authorized to be appropriated, for the purpose of financial assistance and administrative expenses under sections 105, 106, and 107, not to exceed \$400,000,000 for the fiscal year ending June 30, 1968, and not to exceed \$500,000,000 for the fiscal year ending June 30, 1969.

(c) Appropriations authorized under this section shall remain available until expended.

DEFINITIONS

SEC. 112. As used in this title—

(1) "Federal grant-in-aid program" means a program of Federal financial assistance other than loans and other than the assistance provided by this title.

(2) "City demonstration agency" means the city, the county, or any local public agency established or designated by the local governing body of such city or county to administer the comprehensive city demonstration program.

(3) "City" means any municipality (or two or more municipalities acting jointly) or any county or other public body (or two or more acting jointly) having general governmental powers.

(4) "Local" agencies include State agencies and instrumentalities providing services or resources to a city or locality, and "local" resources include those provided to a city or locality by a State or its agency or instrumentality.

GRANT AUTHORITY FOR URBAN RENEWAL PROJECTS WHICH ARE PART OF APPROVED COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

SEC. 113. Section 103(b) of the Housing Act of 1949 is amended by inserting after the first sentence the following new sentence: "In addition to the authority to make grants provided in the first sentence of this subsection, the Secretary may contract to make grants under

63 Stat. 416.
42 USC 1453.

this title, on or after July 1, 1967, in an amount not to exceed \$250,000,000: *Provided*, That the authority to contract to make grants provided by this sentence shall be exercised only with respect to an urban renewal project which is identified and scheduled to be carried out as one of the projects or activities included within an approved comprehensive city demonstration program assisted under the provisions of section 105(c) of the Demonstration Cities and Metropolitan Development Act of 1966."

Ante, p. 1258.

STATE LIMIT

SEC. 114. Grants made under section 105 for projects in any one State shall not exceed in the aggregate 15 per centum of the aggregate amount of funds authorized to be appropriated under section 111.

TITLE II—PLANNED METROPOLITAN DEVELOPMENT

FINDINGS AND DECLARATION OF PURPOSE

SEC. 201. (a) The Congress hereby finds that the welfare of the Nation and of its people is directly dependent upon the sound and orderly development and the effective organization and functioning of the metropolitan areas in which two-thirds of its people live and work.

It further finds that the continuing rapid growth of these areas makes it essential that they prepare, keep current, and carry out comprehensive plans and programs for their orderly physical development with a view to meeting efficiently all their economic and social needs.

It further finds that metropolitan areas are especially handicapped in this task by the complexity and scope of governmental services required in such rapidly growing areas, the multiplicity of political jurisdictions and agencies involved, and the inadequacy of the operational and administrative arrangements available for cooperation among them.

It further finds that present requirements for areawide planning and programing in connection with various Federal programs have materially assisted in the solution of metropolitan problems, but that greater coordination of Federal programs and additional participation and cooperation are needed from the States and localities in perfecting and carrying out such efforts.

(b) It is the purpose of this title to provide, through greater coordination of Federal programs and through supplementary grants for certain federally assisted development projects, additional encouragement and assistance to States and localities for making comprehensive metropolitan planning and programing effective.

COOPERATION BETWEEN FEDERAL AGENCIES

SEC. 202. In order to insure that all Federal programs related to metropolitan development are carried out in a coordinated manner—

(1) the Secretary is authorized to call upon other Federal agencies to supply such statistical data, program reports, and other materials as he deems necessary to discharge his responsibilities for metropolitan development, and to assist the President in coordinating the metropolitan development efforts of all Federal agencies; and

(2) all Federal agencies which are engaged in administering programs related to metropolitan development, or which otherwise perform functions relating thereto, shall, to the maximum extent practicable, consult with and seek advice from all other

significantly affected Federal departments and agencies in an effort to assure fully coordinated programs.

METROPOLITAN EXPEDITERS

SEC. 203. Upon the request of the duly authorized local officials of the central city in any metropolitan area, and after consultation with local governmental authorities throughout the metropolitan area with respect to whether or not the Secretary should make an appointment under this section (and with respect to the individuals who might be so appointed), the Secretary may appoint a metropolitan expediter for such area whenever he finds a need for the services specified in this section. The metropolitan expediter shall provide information, data, and assistance to local authorities and private individuals and entities within the metropolitan area, and to all relevant Federal departments and agencies, with respect to all programs and activities conducted within such metropolitan area by the Department of Housing and Urban Development, and with respect to other public and private activities and needs within such metropolitan area which relate to the programs and activities of the Department.

COORDINATION OF FEDERAL AIDS IN METROPOLITAN AREAS

SEC. 204. (a) All applications made after June 30, 1967, for Federal loans or grants to assist in carrying out open-space land projects or for the planning or construction of hospitals, airports, libraries, water supply and distribution facilities, sewerage facilities and waste treatment works, highways, transportation facilities, and water development and land conservation projects within any metropolitan area shall be submitted for review—

(1) to any areawide agency which is designated to perform metropolitan or regional planning for the area within which the assistance is to be used, and which is, to the greatest practicable extent, composed of or responsible to the elected officials of a unit of areawide government or of the units of general local government within whose jurisdiction such agency is authorized to engage in such planning, and

(2) if made by a special purpose unit of local government, to the unit or units of general local government with authority to operate in the area within which the project is to be located.

(b)(1) Except as provided in paragraph (2) of this subsection, each application shall be accompanied (A) by the comments and recommendations with respect to the project involved by the areawide agency and governing bodies of the units of general local government to which the application has been submitted for review, and (B) by a statement by the applicant that such comments and recommendations have been considered prior to formal submission of the application. Such comments shall include information concerning the extent to which the project is consistent with comprehensive planning developed or in the process of development for the metropolitan area or the unit of general local government, as the case may be, and the extent to which such project contributes to the fulfillment of such planning. The comments and recommendations and the statement referred to in this paragraph shall, except in the case referred to in paragraph (2) of this subsection, be reviewed by the agency of the Federal Government to which such application is submitted for the sole purpose of assisting it in determining whether the application is in accordance with the provisions of Federal law which govern the making of the loans or grants.

(2) An application for a Federal loan or grant need not be accompanied by the comments and recommendations and the statements referred to in paragraph (1) of this subsection, if the applicant certifies that a plan or description of the project, meeting the requirements of such rules and regulations as may be prescribed under subsection (c), or such application, has lain before an appropriate area-wide agency or instrumentality or unit of general local government for a period of sixty days without comments or recommendations thereon being made by such agency or instrumentality.

(3) The requirements of paragraphs (1) and (2) shall also apply to any amendment of the application which, in light of the purposes of this title, involves a major change in the project covered by the application prior to such amendment.

(c) The Bureau of the Budget, or such other agency as may be designated by the President, is hereby authorized to prescribe such rules and regulations as are deemed appropriate for the effective administration of this section.

GRANTS TO ASSIST IN PLANNED METROPOLITAN DEVELOPMENT

SEC. 205. (a) The Secretary is authorized to make supplementary grants to applicant State and local public bodies and agencies carrying out, or assisting in carrying out, metropolitan development projects meeting the requirements of this section.

(b) Grants may be made under this section only for metropolitan development projects in metropolitan areas for which it has been demonstrated, to the satisfaction of the Secretary, that—

(1) metropolitanwide comprehensive planning and programing provide an adequate basis for evaluating (A) the location, financing, and scheduling of individual public facility projects (including but not limited to hospitals and libraries; sewer, water, and sewage treatment facilities; highway, mass transit, airport, and other transportation facilities; and recreation and other open-space areas) whether or not federally assisted; and (B) other proposed land development or uses, which projects or uses, because of their size, density, type, or location, have public metropolitanwide or interjurisdictional significance;

(2) adequate metropolitanwide institutional or other arrangements exist for coordinating, on the basis of such metropolitanwide comprehensive planning and programing, local public policies and activities affecting the development of the area; and

(3) public facility projects and other land development or uses which have a major impact on the development of the area are, in fact, being carried out in accord with such metropolitanwide comprehensive planning and programing.

(c)(1) Where the applicant for a grant under this section is a unit of general local government, it must demonstrate to the satisfaction of the Secretary that, taking into consideration the scope of its authority and responsibilities, it is adequately assuring that public facility projects and other land development or uses of public metropolitanwide or interjurisdictional significance are being, and will be, carried out in accord with metropolitan planning and programing meeting the requirements of subsection (b). In making this determination the Secretary shall give special consideration to whether the applicant is effectively assisting in, and conforming to, metropolitan planning and programing through (A) the location and scheduling of public facility projects, whether or not federally assisted; and (B) the establishment and consistent administration of zoning codes, subdivision regulations, and similar land-use and density controls.

(2) Where the applicant for a grant under this section is not a unit of general local government, both it and the unit of general local government having jurisdiction over the location of the project must meet the requirements of this subsection.

(d) In making the determinations required under this section, the Secretary shall obtain, and give full consideration to, the comments of the body or bodies (State or local) responsible for comprehensive planning and programing for the metropolitan area.

(e) No grant shall be made under this section with respect to a metropolitan development project for which a Federal grant has been made, or a contract of assistance has been entered into, under the legislation referred to in paragraph (2) of section 208, prior to February 21, 1966, or more than one year prior to the date on which the Secretary has made the determinations required under this section with respect to the applicant and to the area in which the project is located: *Provided*, That in the case of a project for which a contract of assistance under the legislation referred to in paragraph (2) of section 208 has been entered into after June 30, 1967, no grant shall be made under this section unless an application for such grant has been made on or before the date of such contract.

(f) Nothing in this section shall authorize the Secretary to require (or condition the availability or amount of financial assistance authorized to be provided under this title upon) the adoption by any community of a program to achieve a racial balance or to eliminate racial imbalance within school districts within the metropolitanwide area.

EXTENT OF GRANT

SEC. 206. (a) A grant under section 205 shall not exceed (1) 20 per centum of the cost of the project for which the grant is made; nor (2) the Federal grant made with respect to the project under the legislation referred to in paragraph (2) of section 208. In no case shall the total Federal contributions to the cost of such project be more than 80 per centum. Notwithstanding any other provision of law, including requirements with respect to non-Federal contributions, grants under section 205 shall be eligible for inclusion (directly or through refunds or credits) as part of the financing for such projects: *Provided*, That projects or activities on the basis of which assistance is provided under section 105(c) shall not be eligible for assistance under section 205.

(b) There are authorized to be appropriated for grants under section 205 not to exceed \$25,000,000 for the fiscal year ending June 30, 1967, and not to exceed \$50,000,000 for the fiscal year ending June 30, 1968. Appropriations authorized under this section shall remain available until expended.

CONSULTATION AND CERTIFICATION

SEC. 207. In carrying out his authority under section 205, including the issuance of regulations, the Secretary shall consult with the Department of the Interior; the Department of Health, Education, and Welfare; the Department of Commerce; and the Federal Aviation Agency with respect to metropolitan development projects assisted by those departments and agencies; and he shall, for the purpose of section 206, accept their respective certifications as to the cost of those projects and the amount of the non-Federal contribution paid or to be paid to that cost.

Restriction.
Ante, p. 1258.

DEFINITIONS

80 STAT. 1265

SEC. 208. As used in this title—

(1) "Metropolitan development" means all projects or programs for the acquisition, use, and development of open-space land; and the planning and construction of hospitals, libraries, airports, water supply and distribution facilities, sewerage facilities and waste treatment works, transportation facilities, highways, water development and land conservation, and other public works facilities.

(2) "Metropolitan development project" means a project assisted or to be assisted under section 702 of the Housing and Urban Development Act of 1965; title II of the Library Services and Construction Act; section 606 of the Public Health Service Act; section 8 of the Federal Water Pollution Control Act; section 120(a) of title 23, United States Code; section 12 of the Federal Airport Act; section 3 of the Urban Mass Transportation Act of 1964; title VII of the Housing Act of 1961; or section 5(e) of the Land and Water Conservation Fund Act of 1965; or under section 101(a)(1) of the Public Works and Economic Development Act of 1965 (for a project of a type which the Secretary determines to be eligible for assistance under any of the other provisions listed above).

(3) "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or an agency or instrumentality of any of the foregoing.

(4) "Metropolitan area" means a standard metropolitan statistical area as established by the Bureau of the Budget, subject however to such modifications and extensions as the Secretary may determine to be appropriate for the purposes of this title.

(5) "Comprehensive planning" includes the following, to the extent directly related to area needs or needs of a unit of general local government: (A) preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities, including transportation facilities; (B) programing of capital improvements based on a determination of relative urgency; (C) long-range fiscal plans for implementing such plans and programs; and (D) proposed regulatory and administrative measures which aid in achieving coordination of all related plans of the departments or subdivisions of the governments concerned and intergovernmental coordination of related planned activities among the State and local governmental agencies concerned.

(6) "Hospital" means any public health center or general, tuberculosis, mental, chronic disease, or other type of hospital and related facilities, such as laboratories, outpatient departments, nurses' home and training facilities, and central service facilities normally operated in connection with hospitals, but does not include any hospital furnishing primarily domiciliary care.

(7) "Areawide agency" means an official State or metropolitan or regional agency empowered under State or local laws or under an interstate compact or agreement to perform comprehensive planning in an area; an organization of the type referred to in section 701(g) of the Housing Act of 1954; or such other agency or instrumentality as may be designated by the Governor (or, in the case of metropolitan areas crossing State lines, any one or more of such agencies or instrumentalities as may be designated by the Governors of the States involved) to perform such planning.

42 USC 3102.
20 USC 355a-
355d.
42 USC 291f.
33 USC 466e.
49 USC 1111.
49 USC 1602.
42 USC 1500.
16 USC 4601-
8.

42 USC 3131.

76 Stat. 544.
40 USC 462.

(8) "Special purpose unit of local government" means any special district, public-purpose corporation, or other limited-purpose political subdivision of a State, but shall not include a school district.

(9) "Unit of general local government" means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

(10) "Secretary" means the Secretary of Housing and Urban Development.

STATE LIMIT

SEC. 209. Grants made under section 205 for projects in any one State shall not exceed in the aggregate 15 per centum of the aggregate amount of funds authorized to be appropriated pursuant to section 206(b).

TITLE III—FHA INSURANCE OPERATIONS

FHA MORTGAGE FINANCING FOR VETERANS

79 Stat. 466.
12 USC 1709.

SEC. 301. The next to last sentence of section 203(b)(2) of the National Housing Act is amended by striking out "If the mortgagor is a veteran who has not received any direct, guaranteed, or insured loan under laws administered by the Veterans' Administration for the purchase, construction, or repair of a dwelling (including a farm dwelling) which was to be owned and occupied by him as his home," and inserting in lieu thereof the following: "If the mortgagor is a veteran,".

AREAS AFFECTED BY CIVIL DISORDERS

52 Stat. 10.

SEC. 302. Section 203 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(1) The Secretary is authorized to insure under this section any mortgage meeting the requirements of this section, other than the requirement in subsection (c) relating to economic soundness, if he determines that (1) the dwelling covered by the mortgage is situated in an area in which rioting or other civil disorders have occurred or are threatened, (2) as a result of such actual or threatened rioting or other disorders the property with respect to which the mortgage is executed cannot meet the normal requirements with respect to economic soundness, and (3) such property is an acceptable risk giving due consideration to the need for providing adequate housing for families of low and moderate income in such area."

COOPERATIVE HOUSING INSURANCE FUND

79 Stat. 469.
12 USC 1715e.

SEC. 303. (a) Section 213(m) of the National Housing Act is amended by striking out "; but only in cases where the consent of the mortgagee or lender to the transfer is obtained or a request by the mortgagee or lender for the transfer is received by the Commissioner within such period of time after the date of the enactment of this subsection as the Commissioner shall prescribe".

(b) Section 213(n) of such Act is amended—

(1) by striking out "insured under this section and sections 207, 231, and 232" and inserting in lieu thereof "the insurance of which is the obligation of either the Management Fund or the General Insurance Fund"; and

(2) by adding at the end thereof the following new sentence: "Premium charges on the insurance of mortgages or loans transferred to the Management Fund or insured pursuant to commitments transferred to the Management Fund may be payable in

debentures which are the obligation of either the Management Fund or the General Insurance Fund."

(c)(1) The fourth sentence of section 213(k) of such Act is amended to read as follows: "The Secretary is directed to transfer to the Management Fund from the General Insurance Fund an amount equal to the total of the premium payments theretofore made with respect to the insurance of mortgages and loans transferred to the Management Fund pursuant to subsection (m) minus the total of any administrative expenses theretofore incurred in connection with such mortgages and loans, plus such other amounts as the Secretary determines to be necessary and appropriate."

(2) The second proviso in section 213(1) of such Act is amended by striking out "pursuant to subsection (k) or (o)" and inserting in lieu thereof "pursuant to subsection (o)".

SUPPLEMENTARY FINANCING FOR COOPERATIVE HOUSING

SEC. 304. Section 213(j)(2)(A) of the National Housing Act is amended by adding at the end thereof the following: "except that, in the case of improvements or additional community facilities, the outstanding indebtedness may be increased by an amount equal to 97 per centum of the amount which the Secretary estimates will be the value of such improvements or facilities, and the new outstanding indebtedness may exceed the original principal obligation of the mortgage if such new outstanding indebtedness does not exceed the limitations imposed by subsection (b) ;".

MORTGAGE LIMITS UNDER SECTION 220 SALES HOUSING MORTGAGE INSURANCE PROGRAM

SEC. 305. (a) Section 220(d)(3)(A)(i) of the National Housing Act is amended by striking out "(3) 75 per centum of such replacement cost in excess of \$20,000" and inserting in lieu thereof "(3) 80 per centum of such replacement cost in excess of \$20,000".

(b) Section 220(d)(3)(A)(i) of such Act is further amended by adding before the semicolon at the end thereof the following: " : *Provided further*, That if the mortgagor is a veteran and the mortgage to be insured under this section covers property upon which there is located a dwelling designed principally for a one-family residence, the principal obligation may be in an amount equal to the sum of (1) 100 per centum of \$15,000 of the Commissioner's estimate of replacement cost of the property, as of the date the mortgage is accepted for insurance, (2) 90 per centum of such replacement cost in excess of \$15,000 but not in excess of \$20,000, and (3) 85 per centum of such replacement cost in excess of \$20,000. As used herein, the term 'veteran' means any person who served on active duty in the Armed Forces of the United States for a period of not less than ninety days (or is certified by the Secretary of Defense as having performed extra-hazardous service), and who was discharged or released therefrom under conditions other than dishonorable".

INCREASED MORTGAGE LIMITATIONS UNDER SECTION 220(d)(3)(B) FOR SMALL PROJECTS CONTAINING LARGER FAMILY DWELLING UNITS

SEC. 306. (a) Section 220(d)(3)(B)(iii) of the National Housing Act is amended by inserting after " ; and except that " the following: "with respect to rehabilitation projects involving not more than five family units, the Secretary may by regulation increase by 25 per centum any of the foregoing dollar amount limitations contained in

80 STAT. 1268

this clause which are applicable to units with two, three, or four or more bedrooms: *Provided, That*".

78 Stat. 775;

79 Stat. 467.

12 USC 1715k.

- (b) Section 220(d)(3)(B)(iii) of such Act is further amended—
 (1) by inserting immediately before "by not to exceed 45 per centum" the following: "(as determined after the application of the preceding proviso)"; and
 (2) by striking out "*Provided, That nothing*" and inserting in lieu thereof "*Provided further, That nothing*".

MORTGAGE LIMITS FOR HOMES UNDER SECTION 221(d)(2)

75 Stat. 149.

12 USC 1715l.

SEC. 307. Section 221(d)(2)(A) of the National Housing Act is amended by striking out "\$11,000" and "\$18,000" and inserting in lieu thereof "\$12,500" and "\$20,000", respectively.

NONDWELLING FACILITIES IN SECTION 221 PROJECTS IN URBAN RENEWAL AREAS

68 Stat. 599.

73 Stat. 658.

SEC. 308. Section 221(f) of the National Housing Act is amended by inserting before the period at the end of the first sentence the following: ": *Provided, That* in the case of any such property or project located in an urban renewal area, the provisions of section 220(d)(3)(B)(iv) shall apply with respect to the nondwelling facilities which may be included in the mortgage if the mortgagor waives the right to receive dividends on its equity investment in the portion thereof devoted to community and shopping facilities".

SINGLE OCCUPANTS IN SECTION 221(d)(3) HOUSING

SEC. 309. Section 221(f) of the National Housing Act is amended by adding at the end thereof the following new sentence: "Low- and moderate-income persons who are less than 62 years of age shall be eligible for occupancy of dwelling units in a project financed with a mortgage insured under subsection (d)(3), but not more than 10 per centum of the dwelling units in any such project shall be available for occupancy by such persons."

INSURANCE OF MORTGAGES UNDER SECTION 221 TO FINANCE PURCHASE AND REHABILITATION BY NONPROFIT ORGANIZATIONS OF HOUSING FOR RESALE TO LOW-INCOME PURCHASERS

SEC. 310. (a) Section 221 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(h)(1) In addition to mortgages insured under the other provisions of this section, the Secretary is authorized, upon application by the mortgagee, to insure under this subsection as hereinafter provided any mortgage (including advances under such mortgage during rehabilitation) which is executed by a nonprofit organization to finance the purchase and rehabilitation of deteriorating or substandard housing for subsequent resale to low-income home purchasers and, upon such terms and conditions as the Secretary may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

"(2) To be eligible for insurance under paragraph (1) of this subsection, a mortgage shall—

"(A) be executed by a private nonprofit corporation or association approved for purposes of this subsection by the Secretary, for the purpose of financing the purchase of property (comprising one or more tracts or parcels, whether or not contiguous) upon

which there is located deteriorating or substandard housing consisting of five or more single-family dwellings of detached, semi-detached, or row construction and of rehabilitating such dwellings with a view to subsequent resale as hereinafter provided:

“(B) be secured by the property which is to be purchased and rehabilitated with the proceeds thereof;

“(C) be in a principal amount not exceeding the appraised value of the property at the time of its purchase under the mortgage plus the estimated cost of the rehabilitation;

“(D) bear interest (exclusive of premium charges for insurance and service charge, if any) at the rate in effect under the proviso in subsection (d) (5) at the time of execution;

“(E) provide for complete amortization (subject to paragraph (5) (E)) by periodic payments within such term as the Secretary may prescribe; and

“(F) provide for the release of individual single-family dwellings from the lien of the mortgage upon the sale of the rehabilitated dwellings in accordance with paragraph (5).

“(3) No mortgage shall be insured under paragraph (1) unless the mortgagor shall have demonstrated to the satisfaction of the Secretary that (A) the property to be rehabilitated is located in a neighborhood which is sufficiently stable and contains sufficient public facilities and amenities to support long-term values, or (B) the rehabilitation to be carried out by the mortgagor plus its related activities and the activities of other owners of housing in the neighborhood, together with actions to be taken by public authorities, will be of such scope and quality as to give reasonable promise that a stable environment will be created in the neighborhood.

“(4) The aggregate principal balance of all mortgages insured under paragraph (1) and outstanding at any one time shall not exceed \$20,000,000.

“(5) (A) No mortgage shall be insured under paragraph (1) unless the mortgagor enters into an agreement (in form and substance satisfactory to the Secretary) that it will offer to sell the dwellings involved, upon completion of their rehabilitation, to individuals or families (hereinafter referred to as ‘low-income purchasers’) determined by the Secretary to have incomes below the maximum amount specified (with respect to the area involved) in section 101(c) (1) of the Housing and Urban Development Act of 1965.

79 Stat. 451.
12 USC 1701s.

“(B) The Secretary is authorized to insure under this paragraph mortgages executed to finance the sale of individual dwellings to low-income purchasers as provided in subparagraph (A). Any such mortgage shall—

“(i) be in a principal amount equal to that portion of the unpaid balance of the principal mortgage covering the property (insured under paragraph (1)) which is allocable to the individual dwelling involved; and

“(ii) bear interest at the same rate as the principal mortgage, and provide for complete amortization by periodic payments within a term equal to the remaining term (determined without regard to subparagraph (E)) of such principal mortgage.

“(C) The price for which any individual dwelling is sold to a low-income purchaser under this paragraph shall be the amount of the mortgage covering the sale as determined under subparagraph (B), except that the purchaser shall in addition thereto be required to pay on account of the property at the time of purchase such amount (which shall not be less than \$200, but which may be applied in whole or in part toward closing costs) as the Secretary may determine to be reasonable and appropriate in the circumstances.

80 STAT. 1270

“(D) Upon the sale under this paragraph of any individual dwelling, such dwelling shall be released from the lien of the principal mortgage, and such mortgage shall thereupon be replaced by an individual mortgage insured under this paragraph to the extent of the portion of its unpaid balance which is allocable to the dwelling covered by such individual mortgage. Until all of the individual dwellings in the property covered by the principal mortgage have been sold, the mortgagor shall hold and operate the dwellings remaining unsold at any given time as though they constituted rental units in a project covered by a mortgage which is insured under subsection (d) (3) (and which receives the benefits of the interest rate provided for in the proviso in subsection (d) (5)).

“(E) Upon the sale under this paragraph of all of the individual dwellings in the property covered by the principal mortgage, and the release of all individual dwellings from the lien of the principal mortgage, the insurance of the principal mortgage shall be terminated and no adjusted premium charge shall be charged by the Secretary upon such termination.

“(F) Any mortgage insured under this paragraph shall contain a provision that if the low-income mortgagor does not continue to occupy the property the interest rate shall increase to the highest rate permissible under this section and the regulations of the Secretary effective at the time of commitment for insurance of the principal mortgage; except that the increase in interest rate shall not be applicable if the property is sold and the purchaser is (i) the nonprofit organization which executed the principal mortgage, (ii) a public housing agency having jurisdiction under the United States Housing Act of 1937 over the area where the dwelling is located, or (iii) a low-income purchaser approved for the purposes of this paragraph by the Secretary.”

(b) (1) Section 221(g) (1) of such Act is amended by inserting after “paragraph (2) of subsection (d) of this section” the following: “or paragraph (5) of subsection (h) of this section”.

(2) Section 221(g) (2) of such Act is amended by inserting after “paragraph (3) or (4) of subsection (d) of this section” the following: “or paragraph (1) of subsection (h) of this section”.

(c) Section 221(f) of such Act is amended by inserting after “Housing Act of 1961,” in the fourth sentence “or which meet the requirements of subsection (h).”.

(d) Section 305(h) of such Act is amended by striking out “section 221(d) (3)” and inserting in lieu thereof “sections 221(d) (3) and 221(h)”.

APPLICATION OF DAVIS-BACON ACT TO COOPERATIVE HOUSING PROJECTS
INSURED UNDER SECTION 221(d) (3) AND (d) (4) AND MORTGAGES
INSURED UNDER SECTION 221(h) (1)

SEC. 311. The third sentence of section 212(a) of the National Housing Act is amended by striking out “subsection (d) (3) or (d) (4).” and inserting in lieu thereof “subsection (d) (3) or (d) (4) and (deeming the term ‘construction’ as used in the first sentence of this subsection to mean rehabilitation) of any mortgage described in subsection (h) (1) which covers property on which there is located a dwelling or dwellings designed principally for residential use for more than eight families; except that compliance with such provisions may be waived by the Secretary—

“(1) with respect to mortgages described in such subsection (d) (3) or (d) (4), in cases or classes of cases where laborers or mechanics (not otherwise employed at any time in the construc-

50 Stat. 888.
42 USC 1430.

68 Stat. 599.
12 USC 17151.

75 Stat. 153.
12 USC 1720.

53 Stat. 807;
79 Stat. 454.
12 USC 1715c.

tion of the project) voluntarily donate their services without compensation for the purpose of lowering their housing costs in a cooperative housing project and the Secretary determines that any amounts saved thereby are fully credited to the cooperative undertaking the construction, and

“(2) with respect to mortgages described in such subsection (h)(1), in cases or classes of cases where prospective owners of such dwellings voluntarily donate their services without compensation, or other persons (not otherwise employed at any time in the rehabilitation of the property) voluntarily donate their services without compensation, and the Secretary determines that any amounts saved thereby are fully credited to the nonprofit organization undertaking the rehabilitation.”

WAIVER OF DEDUCTION ON ASSIGNMENT OF PROPERTY TO
SECRETARY IN LIEU OF FORECLOSURE

SEC. 312. Title V of the National Housing Act is amended by adding at the end thereof the following new section: 12 USC 1731a-1735f.

“WAIVER OF DEDUCTION ON ASSIGNMENT OF PROPERTY
TO SECRETARY IN LIEU OF FORECLOSURE

“SEC. 523. Notwithstanding any other provision of this Act, from and after the date of the enactment of the Demonstration Cities and Metropolitan Development Act of 1966, the Secretary, under such terms and conditions as he may approve, may waive all or a part of the 1 per centum deduction otherwise made from insurance benefits with respect to multifamily housing or land development mortgages assigned to him, where the assignment is made at his request in lieu of foreclosure of the mortgage.”

TITLE IV—LAND DEVELOPMENT AND NEW
COMMUNITIES

EXPERIMENTAL MORTGAGE INSURANCE PROGRAM FOR NEW COMMUNITIES

SEC. 401. (a) Title X of the National Housing Act is amended by inserting after section 1003 the following new section 1004 and redesignating the remaining sections accordingly: 79 Stat. 463. 12 USC 1749cc.

“NEW COMMUNITIES

“SEC. 1004. (a) New communities consisting of developments, satisfying all other requirements under this title, may be approved under this section by the Secretary for mortgage insurance if they meet the requirements of subsection (b) of this section.

“(b) A development shall be eligible for approval as a new community if the Secretary determines it will, in view of its size and scope, make a substantial contribution to the sound and economic growth of the area within which it is located in the form of—

“(1) substantial economies, made possible through large-scale development, in the provision of improved residential sites;

“(2) adequate housing to be provided for those who would be employed in the community or the surrounding area;

“(3) maximum accessibility from the new residential sites to industrial or other employment centers and commercial, recreational, and cultural facilities in or near the community; and

“(4) maximum accessibility to any major central city in the area.

"(c) No development shall be approved as a new community by the Secretary under this section unless the construction of such development has been approved by the local governing body or bodies of the locality or localities in which it will be located and by the Governor of the State in which such locality or localities are situated: *Provided*, That if such locality or localities have been delegated general powers of local self-government by State law or State constitution, as determined by the Secretary, the approval of the Governor shall not be required.

"(d) The aggregate amount of mortgages insured under this title with respect to new communities approved under this section and outstanding at any one time shall not exceed \$250,000,000."

(b) No mortgage shall be insured under title X of the National Housing Act with respect to a new community approved under section 1004 of such Act (as added by subsection (a) of this section) after October 1, 1972, except pursuant to a commitment to insure entered into before that date.

Ante, p. 1271.

MORTGAGE AMOUNT AND TERM

79 Stat. 462.
12 USC 1749bb.

SEC. 402. (a) Section 1002(c) of the National Housing Act is amended by striking out "\$10,000,000" and inserting in lieu thereof "\$25,000,000".

(b) Section 1002(d) (1) of such Act is amended to read as follows:

"(1) contain repayment provisions satisfactory to the Secretary and have a maturity not to exceed seven years, or such longer maturity as the Secretary deems reasonable (A) in the case of a privately owned system for water or sewerage, and (B) in the case of a new community approved under section 1004;".

ENCOURAGEMENT OF SMALL BUILDERS

SEC. 403. The section of the National Housing Act redesignated as section 1005 by section 401 of this Act is amended by inserting "particularly small builders," after "broad participation by builders,".

WATER AND SEWERAGE FACILITIES

SEC. 404. The section of the National Housing Act redesignated as section 1006 by section 401 of this Act is amended to read as follows:

"WATER AND SEWERAGE FACILITIES

"SEC. 1006. After development of the land it shall be served by public systems for water and sewerage which are consistent with other existing or prospective systems within the area, except that—

"(a) in the case of systems for water, the land may be served by privately or cooperatively owned systems which are consistent with other existing or prospective systems within the area; are approved as adequate by the Secretary; and are regulated or supervised by the State or political subdivision or an agency thereof, or (in the absence of such State or local regulation or supervision) are otherwise regulated in a manner acceptable to the Secretary, with respect to user rates and charges, capital structure, methods of operation, rate of return, and conditions and terms of any sale or transfer; and

“(b) in the case of systems for sewerage, the land may be served by—

“(1) existing privately or cooperatively owned systems (including reasonable extensions thereto) which are approved as adequate by the Secretary, and which are regulated or supervised by the State or political subdivision or an agency thereof, or (in the absence of such State or local regulation or supervision) are otherwise regulated in a manner acceptable to the Secretary; or

“(2) if it is necessary to develop a new system and the Secretary determines that public ownership of such a system is not feasible, an adequate privately or cooperatively owned new system (A) which he finds consistent with other existing or prospective systems within the area, (B) which during the period of such ownership will be regulated or supervised by the State or political subdivision or an agency thereof, or (in the absence of such State or local regulation or supervision) will be otherwise regulated in a manner acceptable to the Secretary, with respect to user rates and charges, capital structure, methods of operation, and rate of return, and (C) regarding which he receives assurances, satisfactory to him, with respect to eventual public ownership and operation of the system and with respect to the conditions and terms of any sale or transfer.”

FEDERAL NATIONAL MORTGAGE ASSOCIATION SPECIAL ASSISTANCE FOR NEW COMMUNITIES

SEC. 405. Section 302(b) of the National Housing Act is amended by inserting after “or title VIII,” in the proviso the following: “or under title X with respect to a new community approved under section 1004 thereof.”

68 Stat. 613;
75 Stat. 176.
12 USC 1717.

URBAN PLANNING GRANTS

SEC. 406. Section 701(a) (4) of the Housing Act of 1954 is amended by inserting before the semicolon at the end thereof the following: “, or for areas where rapid urbanization is expected to result on land developed or to be developed as a new community approved under section 1004 of the National Housing Act”.

73 Stat. 678.
40 USC 461.

PUBLIC FACILITY LOANS

SEC. 407. Section 202(b) (4) of the Housing Amendments of 1955 is amended by adding before the period at the end of the second sentence the following: “, or (iii) to be provided in connection with the establishment of a new community approved under section 1004 of the National Housing Act”.

78 Stat. 798;
79 Stat. 503.
42 USC 1492.

TITLE V—MORTGAGE INSURANCE FOR GROUP PRACTICE FACILITIES

PURPOSE

SEC. 501. It is the purpose of this title to assure the availability of credit on reasonable terms to units or organizations engaged in the group practice of medicine, optometry, or dentistry, particularly those in smaller communities and those sponsored by cooperative or other nonprofit organizations, to assist in financing the construction and equipment of group practice facilities.

12 USC 1701.

SEC. 502. (a) The National Housing Act is amended by adding at the end thereof the following new title:

**"TITLE XI—MORTGAGE INSURANCE FOR GROUP
PRACTICE FACILITIES**

"INSURANCE OF MORTGAGES

"SEC. 1101. (a) The Secretary is authorized (1) to insure mortgages (including advances on such mortgages during construction), upon such terms and conditions as he may prescribe, in accordance with the provisions of this title, and (2) to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon. No mortgage shall be insured under this title after October 1, 1969, except pursuant to a commitment to insure issued before that date.

"(b) To be eligible for insurance under this title, the mortgage shall (1) be executed by a mortgagor that is a group practice unit or organization, approved by the Secretary, (2) be made to and held by a mortgagee approved by the Secretary as responsible and able to service the mortgage properly, and (3) cover a property or project which is approved for mortgage insurance prior to the beginning of construction or rehabilitation and is designed for use as a group practice facility which the Secretary finds will be constructed in an economical manner, will not be of elaborate or extravagant design or materials, and will be adequate and suitable for carrying out the purposes of this title. No mortgage shall be insured under this title unless it is shown to the satisfaction of the Secretary that the applicant would be unable to obtain the mortgage loan without such insurance on terms comparable to those specified in subsection (c).

"(c) The mortgage shall—

"(1) not exceed \$5,000,000;

"(2) not exceed 90 per centum of the amount which the Secretary estimates will be the value of the property or project when construction or rehabilitation is completed. The value of the property may include the land and the proposed physical improvements, equipment, utilities within the boundaries of the property, architects' fees, taxes, and interest accruing during construction or rehabilitation, and other miscellaneous charges incident to construction or rehabilitation and approved by the Secretary;

"(3) have a maturity satisfactory to the Secretary but not to exceed twenty-five years, and provide for complete amortization of the principal obligation by periodic payments within such term as the Secretary shall prescribe; and

"(4) bear interest (exclusive of premium charges for insurance, and service charges if any) at a rate of not to exceed 5 per centum per annum of the amount of the principal obligation outstanding at any time, or not to exceed such rate (not in excess of 6 per centum per annum) as the Secretary finds necessary to meet the mortgage market.

"(d) Any contract of insurance executed by the Secretary under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract for insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

"(e) Each mortgage insured under this title shall contain an undertaking (in accordance with regulations prescribed under this title and in force at the time the mortgage is approved for insurance) to the effect that, except as authorized by the Secretary and the mortgagee, the property will be used as a group practice facility until the mortgage has been paid in full or the contract of insurance otherwise terminated.

"(f) No mortgage shall be insured under this title unless the mortgagor and the mortgagee certify (1) that they will keep such records relating to the mortgage transaction and indebtedness, to the construction of the facility covered by the mortgage, and to the use of such facility as a group practice facility as are prescribed by the Secretary at the time of such certification, (2) that they will make such reports as may from time to time be required by the Secretary pertaining to such matters, and (3) that the Secretary shall have access to and the right to examine and audit such records.

Recordkeeping.

"PREMIUMS

"SEC. 1102. The Secretary shall fix premium charges for the insurance of mortgages under this title, but such charges shall not be more than 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. In addition to the premium charge, the Secretary is authorized to charge and collect such amounts as he may deem reasonable for the analysis of a proposed project and the appraisal and inspection of the property and improvements. Where the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the Secretary is authorized to require the payment by the mortgagee of an adjusted premium charge. This charge shall be in such amount as the Secretary determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured until the maturity date. Where such prepayment occurs, the Secretary is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid. Premium charges fixed under this section shall be payable by the mortgagee either in cash, or in debentures which are the obligation of the General Insurance Fund at par plus accrued interest, at such times and in such manner as may be prescribed by the Secretary.

"PAYMENT OF INSURANCE BENEFITS

"SEC. 1103. The mortgagee shall be entitled to receive the benefits of the insurance under this title in the manner provided in subsection (g) of section 207 with respect to mortgages insured under that section. For such purpose the provisions of subsections (g), (h), (i), (j), (k), (l), and (n) of section 207 shall apply to mortgages insured under this title and all references in such subsections to section 207 shall be deemed to refer to this title.

12 USC 1713.

"REGULATIONS

"SEC. 1104. The Secretary shall prescribe such regulations as may be necessary to carry out this title, after consulting with the Secretary of Health, Education, and Welfare with respect to any health or medical aspects of the program under this title which may be involved in such regulations.

"ADMINISTRATION

"SEC. 1105. (a) At the request of individuals or organizations operating or contemplating the operation of group practice facilities (as defined in section 1106(1)), the Secretary may provide or obtain technical assistance in the planning for and construction of such facilities.

"(b) With a view to avoiding unnecessary duplication of existing staffs and facilities of the Federal Government, the Secretary is authorized to utilize available services and facilities of any agency of the Federal Government in carrying out the provisions of this title, and to pay for such services and facilities, either in advance or by way of reimbursement, in accordance with an agreement between the Secretary and the head of such agency.

"DEFINITIONS

"SEC. 1106. For the purposes of this title—

"(1) The term 'group practice facility' means a facility in a State for the provision of preventive, diagnostic, and treatment services to ambulatory patients (in which patient care is under the professional supervision of persons licensed to practice medicine in the State or, in the case of optometric care or treatment, is under the professional supervision of persons licensed to practice optometry in the State, or, in the case of dental diagnosis or treatment, is under the professional supervision of persons licensed to practice dentistry in the State) and which is primarily for the provision of such health services by a medical or dental group.

"(2) The term 'medical or dental group' means a partnership or other association or group of persons licensed to practice medicine or surgery in the State, or of persons licensed to practice optometry in the State, or of persons licensed to practice dentistry in the State, or of any combination of such persons, who, as their principal professional activity and as a group responsibility, engage or undertake to engage in the coordinated practice of their profession primarily in one or more group practice facilities, and who (in this connection) share common overhead expenses (if and to the extent such expenses are paid by members of the group), medical and other records, and substantial portions of the equipment and the professional, technical, and administrative staffs, and which partnership or association or group is composed of at least such professional personnel and make available at least such health services as may be provided in regulations prescribed under this title.

"(3) The term 'group practice unit or organization' means—

"(A) a private nonprofit agency or organization undertaking to provide, directly or through arrangements with a medical or dental group, comprehensive medical care, optometric care, or dental care, or any combination thereof, which may include hospitalization, to members or subscribers primarily on a group practice prepayments basis; or

"(B) a private nonprofit agency or organization established for the purpose of improving the availability of medical, optometric, or dental care in the community or having some function or functions related to the provision of such care, which will, through lease or other arrangement, make the group practice facility with respect to which assistance has been requested under this title available to a medical or dental group for use by it.

"(4) The term 'nonprofit organization' means a corporation, association, foundation, trust, or other organization no part of the net earnings of which inures, or may lawfully inure, to the benefit of any

private shareholder or individual except, in the case of an organization the purposes of which include the provision of personal health services to its members or subscribers or their dependents under a plan of such organization for the provision of such services to them (which plan may include the provision of other services or insurance benefits to them), through the provision of such health services (or such other services or insurance benefits) to such members or subscribers or dependents under such plan.

“(5) The term ‘State’ includes the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the District of Columbia.

“(6) The term ‘mortgage’ means a first mortgage on real estate in fee simple, or on the interest of either the lessor or lessee thereof (A) under a lease for not less than ninety-nine years which is renewable, or (B) under a lease having a period of not less than fifty years to run from the date the mortgage was executed. The term ‘first mortgage’ means such classes of first liens as are commonly given to secure advances (including but not limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and any mortgage may be in the form of one or more trust mortgages or mortgage indentures or deeds of trust, securing notes, bonds, or other credit instruments, and, by the same instrument or by a separate instrument, may create a security interest in initial equipment, whether or not attached to the realty.

“(7) The term ‘mortgagee’ means the original lender under a mortgage, and his or its successors and assigns, and includes the holders of credit instruments issued under a trust mortgage or deed of trust pursuant to which such holders act by and through a trustee named therein.

“(8) The term ‘mortgagor’ means the original borrower under a mortgage and his or its successors and assigns.”

(b) The first sentence of section 227 of such Act is amended by inserting after “new or rehabilitated multifamily housing” the following: “or a property or project described in title XI”. 68 Stat. 607.
12 USC 1715r.

LABOR STANDARDS

SEC. 503. Section 212(a) of the National Housing Act is amended by adding at the end thereof the following new sentence: “The provisions of this section shall also apply to the insurance of any mortgage under title XI; and each laborer or mechanic employed on any facility covered by a mortgage insured under such title shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be.” 53 Stat. 807.
12 USC 1715o.

AMENDMENTS TO OTHER FEDERAL LAWS

SEC. 504. (a) (1) The sixth sentence of paragraph “Seventh” of section 5136 of the Revised Statutes, as amended (12 U.S.C. 24), is amended by inserting after “Federal Home Loan Banks,” the following: “or obligations which are insured by the Secretary of Housing and Urban Development under title XI of the National Housing Act”.

(2) The third sentence of the first paragraph of section 24 of the Federal Reserve Act, as amended (12 U.S.C. 371), is amended by inserting after “or sections 1471-1484 of title 42,” the following: “or 69 Stat. 633.

80 STAT. 1278

which are insured by the Secretary of Housing and Urban Development pursuant to title XI of the National Housing Act,".

53 Stat. 1153.

(b) Subsection (a) of section 304 of the Trust Indenture Act of 1939 (15 U.S.C. 77ddd) is amended by striking out the word "or" at the end of paragraph (8); by striking out the period at the end of paragraph (9) and inserting in lieu thereof a semicolon and the word "or"; and by adding after paragraph (9) a new paragraph as follows:

"(10) any security issued under a mortgage or trust deed indenture as to which a contract of insurance under title XI of the National Housing Act is in effect; and any such security shall be deemed to be exempt from the provisions of the Securities Act of 1933 to the same extent as though such security were specifically enumerated in section 3(a)(2), as amended, of the Securities Act of 1933 (15 U.S.C. 77c(a)(2))."

48 Stat. 906.

52 Stat. 902.

(c) Section 263 of chapter X of the Bankruptcy Act (11 U.S.C. 663) is amended by adding at the end thereof the following: "Nothing contained in this chapter shall be deemed to affect or apply to the creditors of any corporation under a mortgage insured pursuant to title XI of the National Housing Act."

TITLE VI—PRESERVATION OF HISTORIC STRUCTURES

PRESERVATION OF HISTORIC STRUCTURES AS PART OF URBAN RENEWAL PROJECTS

71 Stat. 301.

42 USC 1460.

SEC. 601. (a) Section 110(b) of the Housing Act of 1949 is amended by inserting "historic and architectural preservation," after "land acquisition,".

70 Stat. 1097.

(b) Section 110(c)(6) of such Act is amended by inserting "to promote historic and architectural preservation," after "deterioration,".

(c) Section 110(c) of such Act is further amended by striking out "and" at the end of clause (8), and by striking out clause (9) and inserting in lieu thereof the following:

"(9) relocation within or outside the project area of structures which will be restored and maintained for architectural or historic purposes; and

"(10) restoration of acquired properties of historic or architectural value."

LOCAL GRANT-IN-AID CREDIT FOR RELOCATION AND RESTORATION OF HISTORIC STRUCTURES

68 Stat. 626.

SEC. 602. Clause (2) of section 110(d) of the Housing Act of 1949 is amended by striking out "clause (2) and clause (3)" and inserting in lieu thereof "clauses (2), (3), (9), and (10)".

GRANTS TO NATIONAL TRUST FOR HISTORIC PRESERVATION TO COVER RESTORATION COSTS

SEC. 603. (a) The Secretary of Housing and Urban Development is authorized to make grants to the National Trust for Historic Preservation, on such terms and conditions and in such amounts (not exceeding \$90,000 with respect to any one structure) as he deems appropriate, to cover the costs incurred by such Trust in renovating or restoring structures which it considers to be of historic or architectural value and which it has accepted and will maintain (after such renovation or restoration) for historic purposes.

(b) There are authorized to be appropriated such sums as may be necessary for the grants to be made under subsection (a).

URBAN PLANNING GRANTS FOR SURVEYS OF HISTORIC STRUCTURES

SEC. 604. Section 701 of the Housing Act of 1954 is amended by adding at the end thereof the following new subsection:

73 Stat. 678.
40 USC 462.

“(h) In addition to the other grants authorized by this section, the Secretary is authorized to make grants to assist any city, other municipality, or county in making a survey of the structures and sites in such locality which are determined by its appropriate authorities to be of historic or architectural value. Any such survey shall be designed to identify the historic structures and sites in the locality, determine the cost of their rehabilitation or restoration, and provide such other information as may be necessary or appropriate to serve as a foundation for a balanced and effective program of historic preservation in such locality. The aspects of any such survey which relate to the identification of historic and architectural values shall be conducted in accordance with criteria found by the Secretary to be comparable to those used in establishing the National Register maintained by the Secretary of the Interior under other provisions of law; and the results of each such survey shall be made available to the Secretary of the Interior. A grant under this subsection shall not exceed two-thirds of the cost of the survey for which it is made, and shall be made to the appropriate agency or entity specified in paragraphs (1) through (9) of subsection (a) or, if there is no such agency or entity which is qualified and willing to receive the grant and provide for its utilization in accordance with this subsection, directly to the city, other municipality, or county involved.”

78 Stat. 792,
793; 79 Stat. 17.

GRANTS FOR HISTORIC PRESERVATION

SEC. 605. (a) The heading of title VII of the Housing Act of 1961 is amended to read as follows:

75 Stat. 183.
42 USC 1500
et seq.

“TITLE VII—OPEN-SPACE LAND, URBAN BEAUTIFICATION, AND HISTORIC PRESERVATION”.

(b) Section 701 of such Act is amended by redesignating subsection (c) as subsection (d), and by inserting after subsection (b) a new subsection as follows:

79 Stat. 494.

“(c) The Congress further finds that there is a need for timely action to preserve and restore areas, sites, and structures of historic or architectural value in order that these remaining evidences of our past history and heritage shall not be lost or destroyed through the expansion and development of the Nation's urban areas.”

(c) Section 701(d) of such Act (as redesignated by subsection (b) of this section) is amended—

(1) by inserting after “urban development,” the following: “to assist in preserving areas and properties of historic or architectural value,”; and

(2) by striking out “and (2)” and inserting in lieu thereof “(2) acquire, improve, and restore areas, sites, and structures of historic or architectural value, and (3)”.

(d) Section 702(e) of such Act is amended to read as follows:

75 Stat. 184.

“(e) The Secretary shall consult with the Secretary of the Interior on the general policies to be followed in reviewing applications for grants under this title. To assist the Secretary in such review, the Secretary of the Interior shall furnish him (1) appropriate information on the status of national and statewide recreation and historic preservation planning as it affects the areas to be assisted with such grants, and (2) the current listing of any districts, sites, buildings, structures, and objects significant in American history, architecture,

80 STAT. 1280

archeology, and culture which may be contained on a National Register maintained by the Secretary of the Interior pursuant to other provisions of law. The Secretary shall provide current information to the Secretary of the Interior from time to time on significant program developments."

79 Stat. 496.

42 USC 1500c-2.

42 USC 1500d.

(e) Section 706 of such Act is amended by striking out the proviso.
(f) Section 708 of such Act is amended by inserting "(a)" after "Sec. 708.", by inserting "(b)" before "The" in the second paragraph, and by adding at the end thereof a new subsection as follows:

"(c) Notwithstanding any other provision of this title, the Secretary may use not to exceed \$10,000,000 of the sum authorized for contracts under this title for the purpose of entering into contracts to make grants in amounts not to exceed 90 per centum of the cost of activities which he determines have special value in developing and demonstrating new and improved methods and materials for use in carrying out the purposes of this title."

42 USC 1500e.

(g) Title VII of such Act is amended by redesignating section 709 as section 710, and by adding after section 708 a new section as follows:

"GRANTS FOR HISTORIC PRESERVATION

"SEC. 709. The Secretary is authorized to enter into contracts to make grants to States and local public bodies to assist in the acquisition of title to or other permanent interests in areas, sites, and structures of historic or architectural value in urban areas, and in their restoration and improvement for public use and benefit, in accord with the comprehensively planned development of the locality. The amount of any such grant shall not exceed 50 per centum of the total cost, as approved by the Secretary, of the assisted activities. The remainder of such cost shall be provided from non-Federal sources."

(h) Commencing three years after the date of the enactment of this Act, no grant shall be made (except pursuant to a contract or commitment entered into less than three years after such date) under section 709 of the Housing Act of 1961 or section 701(h) of the Housing Act of 1954, or under section 103 of the Housing Act of 1949 to the extent that it is to be used for historic or architectural preservation, except with respect to districts, sites, buildings, structures, and objects which the Secretary of Housing and Urban Development finds meet criteria comparable to those used in establishing the National Register maintained by the Secretary of the Interior pursuant to other provisions of law.

Supra.

Ante, pp.

1279, 1260.

68 Stat. 626.

42 USC 1460.

TITLE VII—URBAN RENEWAL

LOCAL GRANTS-IN-AID

SEC. 701. Section 110(d) of the Housing Act of 1949 is amended by inserting immediately after the colon at the end of the first proviso the following: "*Provided further*, That any publicly owned facility, the construction of which was begun not earlier than three years prior to the date of enactment of the Demonstration Cities and Metropolitan Development Act of 1966, shall be deemed to benefit an urban renewal project or projects to the extent of 25 per centum of the total benefits of such facility, or \$3,500,000, whichever is less, if such facility (A) (i) is used, or is to be used, by the public predominantly for cultural, exhibition, or civic purposes, or is a city hall or a public safety building, or (ii) is a facility, constructed or rehabilitated by a public university, which is or will be devoted to the treatment of physical or mental disabilities and illness or to medical research; (B) is located within, adjacent to, or in the immediate vicinity of such urban

renewal project or projects; (C) is found to contribute materially to the objectives of the urban renewal plan or plans for such project or projects; and (D) is not otherwise eligible as a local grant-in-aid:".

AIR RIGHTS SITES IN URBAN RENEWAL PROJECTS

SEC. 702. (a) Section 110(c)(1) of the Housing Act of 1949 is amended by inserting in clause (iv), between the word "income" and the colon immediately preceding the first proviso, the following: "or, if the area is found by the local public agency to be unsuitable for use for low or moderate income housing, for use for industrial development". 78 Stat. 787.
42 USC 1460.

(b) Section 110(c)(7) of such Act is amended by inserting immediately before the semicolon the following: ", or construction of foundations and platforms necessary for the provision of air rights sites for industrial development". 78 Stat. 788.

ADDITIONAL REQUIREMENTS FOR REDEVELOPMENT OF URBAN RENEWAL AREA

SEC. 703. (a) Section 105 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection: 63 Stat. 416.
42 USC 1455.

"(f) The redevelopment of the urban renewal area, unless such redevelopment is for predominantly nonresidential uses, will provide a substantial number of units of standard housing of low and moderate cost and result in marked progress in serving the poor and disadvantaged people living in slum and blighted areas."

(b) The amendment made by subsection (a) shall apply only in the case of contracts for loans or capital grants which are made with respect to urban renewal projects undertaken pursuant to urban renewal plans approved after the date of the enactment of this Act.

THREE-FOURTHS GRANTS FOR PROJECTS IN CERTAIN REDEVELOPMENT AREAS

SEC. 704. Section 103(a)(2)(B) of the Housing Act of 1949 is amended by inserting after "to avoid hardship," the following: "or at any time after such contract or contracts are entered into and prior to the time the final grant payment has been made pursuant thereto,". 79 Stat. 479.
42 USC 1453.

EXPENDITURES BY EDUCATIONAL INSTITUTIONS AND HOSPITALS

SEC. 705. Section 112(a) of the Housing Act of 1949 is amended by inserting before the period at the end thereof the following: "*Provided further*, That no such expenditure shall be deemed ineligible as a local grant-in-aid in connection with an urban renewal project, to the extent that the expenditure is otherwise eligible, if the facilities, land, buildings, or structures with respect to which the expenditure is made are located within one mile of the project". 75 Stat. 169.
42 USC 1463.

REQUIREMENT OF SEPARATE SEWER SYSTEMS IN REDEVELOPMENT OF URBAN RENEWAL AREA

SEC. 706. Section 105 of the Housing Act of 1949 is amended by adding at the end thereof (after the new subsection added by section 703 of this Act) the following new subsection: 42 USC 1455.

"(g) Consideration has been given to development of a sewer system to serve the urban renewal area which will, to the maximum extent feasible, provide for effective control of storm and sanitary wastes."

TITLE VIII—RURAL HOUSING

75 Stat. 186.
42 USC 1471.

76 Stat. 671.
42 USC 1472.

76 Stat. 672.
42 USC 1474.

76 Stat. 671.
42 USC 1485.

SEC. 801. Section 501(a) of the Housing Act of 1949 is amended by striking out "previously occupied" wherever it appears.

SEC. 802. Section 502(a) of the Housing Act of 1949 is amended by striking out "In cases of applicants who are elderly persons, the" and inserting in lieu thereof "The".

SEC. 803. Section 504 of the Housing Act of 1949 is amended by striking out "\$1,000" and inserting in lieu thereof "\$1,500".

SEC. 804. (a) Section 515(a) of the Housing Act of 1949 is amended by inserting after "income" the following: "or other persons and families of low income".

(b) Section 515(d)(1) of such Act is amended by striking out "elderly persons or elderly families" and inserting in lieu thereof "occupants eligible under this section".

SEC. 805. (a) Subsections (a) and (b) of section 515 of the Housing Act of 1949 are each amended by striking out "rental housing" and inserting in lieu thereof "rental or cooperative housing".

(b) Section 515(b) of such Act is amended by inserting after "families" the following: "or other persons and families of moderate income".

(c) Section 515(d)(4) of such Act is amended by adding at the end thereof the following: "Such fees and charges may include payments to qualified consulting organizations or foundations which operate on a nonprofit basis and which render services or assistance to nonprofit corporations or consumer cooperatives who provide housing and related facilities."

79 Stat. 498.
42 USC 1487.

SEC. 806. Section 517(a)(1) of the Housing Act of 1949 is amended—

(1) by inserting "and" before "(B)"; and

(2) by striking out ", and (C)" and all that follows and inserting in lieu thereof the following: "; but no loan under this paragraph shall be insured or made after October 1, 1969, except pursuant to a commitment entered into before that date; and".

SEC. 807. (a) Section 501(a) of the Housing Act of 1949 is amended by inserting before the period at the end thereof the following: ", and (4) to an owner described in clause (1), (2), or (3) for refinancing indebtedness which—

"(A) was incurred for an eligible purpose described in such clause,

"(B) if not refinanced, is likely to result at an early date in loss of the applicant's necessary dwelling or essential farm service buildings,

"(C) is not held or insured by the United States or any agency thereof, and

"(D) was incurred prior to the enactment of this clause."

75 Stat. 186.

(b) Section 501(c) of such Act is amended by inserting before the semicolon at the end of clause (1) the following: ", or that he is the owner of a farm or other real estate in a rural area who needs refinancing of indebtedness described in clause (4) of subsection (a)".

TITLE IX—URBAN INFORMATION AND TECHNICAL ASSISTANCE SERVICES

PURPOSE

SEC. 901. It is the purpose of this title to assist States to make available information and data on urban needs and assistance programs and activities, and to provide technical assistance, to small communities with respect to the solution of urban problems.

GRANT AUTHORITY

SEC. 902. (a) The Secretary is authorized to make grants to States to help finance programs to provide information and data on urban needs and assistance programs and activities, and to provide technical assistance, to small communities with respect to the solution of local problems. Activities aided by such grants may include—

(1) the assembly, correlation, and dissemination of urban physical, social, and economic development information and data for the purpose of informing local governments of small communities, and interested organizations and individuals, of the availability and status of Federal, State, and local programs and other resources and data for the solution of urban problems; and

(2) providing technical assistance with respect to the solution of urban problems to any small community requesting such assistance.

(b) A program assisted under this section shall—

(1) specify the information and technical assistance activities to be carried on and justify the needs for the costs of such activities; and

(2) represent substantially increased or improved activities on the part of the applicant State agency.

AMOUNT OF GRANT

SEC. 903. (a) A grant under this section shall not exceed 50 per centum of the cost of the activities carried on under an approved urban information and technical assistance program.

(b) No grant shall be made under this title to assist in assembling data, or providing information, to be used primarily in the day to day operations of State or local governing bodies and agencies.

COOPERATION AND COORDINATION

SEC. 904. (a) Federal departments and agencies shall cooperate with States in providing information to assist in carrying out the purpose of this title.

(b) In the administration of this title, the Secretary shall seek to ensure the greatest practicable coordination of urban information and technical assistance programs established under this title.

DEFINITIONS

SEC. 905. As used in this title—

(1) "State" means any State of the United States, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, or an agency or instrumentality designated by the chief executive of any of the foregoing, or a statewide agency or instrumentality of its political subdivisions designated by such chief executive.

(2) "Secretary" means the Secretary of Housing and Urban Development.

(3) "Small communities" means communities having populations of less than one hundred thousand according to the most recent decennial census.

APPROPRIATIONS

SEC. 906. There are authorized to be appropriated for the purpose of carrying out the provisions of this title not to exceed \$2,500,000 for the fiscal year ending June 30, 1967, and not to exceed \$5,000,000 for the fiscal year ending June 30, 1968. Appropriations authorized under this section shall remain available until expended.

TITLE X—MISCELLANEOUS

HOUSING FOR THE ELDERLY OR HANDICAPPED

SEC. 1001. Section 105(b) of the Housing and Urban Development Act of 1965 is amended—

79 Stat. 457.
12 USC 1701q
note.

(1) by inserting “(1)” after “(b)”;

(2) by striking out “Effective with respect to loans made on or after the date of the enactment of this Act, section” and inserting in lieu thereof “Section”; and

(3) by adding at the end thereof a new paragraph as follows:

“(2) The interest rate provided by the amendment made in paragraph (1) shall be applicable (A) with respect to any loan made on or after August 10, 1965, and (B) with respect to any loan made prior to such date if construction of the housing or related facilities to be assisted by such loan was not commenced prior to such date, and not completed prior to the filing of an application for the benefits of such interest rate.”

LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS—TERM OF LEASE

SEC. 1002. Section 23(d) of the United States Housing Act of 1937 is amended by striking out “thirty-six months” and inserting in lieu thereof “sixty months”.

79 Stat. 455.
42 USC 1421b.

APPLICATION OF DAVIS-BACON ACT TO LOW-RENT HOUSING PROJECTS
CONSISTING OF PRIVATELY BUILT HOUSING

SEC. 1003. Section 16(2) of the United States Housing Act of 1937 is amended by inserting after “the development of the project involved” the following: “(including a project for the use of privately built housing in any case, other than under the authority of section 23 of this Act, where the public housing agency and the builder or sponsor enter into an agreement for such use before construction or rehabilitation is commenced), and that each such laborer or mechanic shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be”.

63 Stat. 430.
42 USC 1416.

ASSISTANCE FOR HOUSING IN ALASKA

SEC. 1004. (a) The Secretary of Housing and Urban Development (hereinafter referred to as the “Secretary”) is authorized to make loans and grants to the State of Alaska, or any duly authorized agency or instrumentality thereof, in accordance with a statewide program prepared by such State, agency, or instrumentality, and approved by the Secretary, to assist in the provision of housing and related facilities for Alaska natives and other Alaska residents who are otherwise unable to finance such housing and related facilities upon terms and conditions which they can afford. The program shall (1) specify the

minimum and maximum standards for such housing and related facilities (not to exceed an average of \$7,500 per dwelling unit); (2) to the extent feasible, encourage the proposed users of such housing and related facilities to utilize mutual and self-help in the construction thereof; and (3) provide experience, and encourage continued participation, in self-government and individual home ownership.

(b) Grants under this section shall not exceed 75 per centum of the aggregate cost of the housing and related facilities to be constructed under an approved program.

(c) There is authorized to be appropriated not to exceed \$10,000,000 to carry out the purposes of this section.

FEDERAL NATIONAL MORTGAGE ASSOCIATION PARTICIPATION IN FEDERAL HOUSING ADMINISTRATION-INSURED CONSTRUCTION FINANCING

SEC. 1005. Section 305 of the National Housing Act is amended by adding at the end thereof the following new subsection:

“(i) In any case where the Association makes a commitment to purchase under this section (1) a mortgage insured under section 213, (2) a mortgage insured under section 220, or (3) a mortgage insured under section 221 (d) (3) and executed by a cooperative (including an investor-sponsor), a limited dividend corporation, a private non-profit corporation or association, or a mortgagor qualified under section 221(e), such commitment may provide for participation by the Association in the making of insured advances on the mortgage during construction. Such participation shall be limited to 95 per centum of the amount of each of the advances involved, and the mortgagee providing the balance of such amount shall perform all necessary servicing and processing of such advances until the final insurance endorsement of the mortgage. The Secretary of Housing and Urban Development shall approve the reasonableness of the fee to be paid a participating mortgagee, taking into account its services and the extent of its participation in the advances.”

68 Stat. 616.
12 USC 1720.

12 USC 1715e,
1715k, 1715l.

FEDERAL NATIONAL MORTGAGE ASSOCIATION SPECIAL ASSISTANCE FOR FINANCING LOW-COST HOMES

SEC. 1006. The Congress hereby finds that the sharp decline in new home construction over the past year threatens to undercut our present high level of prosperity and employment as such declines have in the past; that the substantial reduction which has taken place has had its greatest impact on families of modest income who are seeking to achieve the goal of homeownership; that this decline in homebuilding is due primarily to the shortage of mortgage financing on terms which moderate income families can afford; and that our national policy objectives in the field of housing and community development are thereby being thwarted. The Congress therefore expresses its intent that the special assistance funds made available to the Federal National Mortgage Association for the financing of new low-cost homes by the Act of September 10, 1966 (Public Law 89-556), should be released immediately to halt the continuing decline in the construction of new homes for families of moderate income.

Ante, p. 738.

FEDERAL NATIONAL MORTGAGE ASSOCIATION STANDBY COMMITMENTS

SEC. 1007. Section 304(a)(1) of the National Housing Act is amended by striking out the last sentence.

75 Stat. 176.
12 USC 1719.

PLANNING GRANTS FOR RESEARCH ON STATE STATUTES AFFECTING LOCAL GOVERNMENTS

68 Stat. 640.
40 USC 461.

SEC. 1008. Section 701(b) of the Housing Act of 1954 is amended by inserting before the period at the end thereof the following: “, and for grants to assist in the conduct of studies and research relating to needed revisions in State statutes which create, govern, or control local governments and local governmental operations”.

PUBLIC FACILITY LOANS

69 Stat. 643;
75 Stat. 174;
76 Stat. 543.
42 USC 1492.

SEC. 1009. Section 202 of the Housing Amendments of 1955 is amended by adding at the end thereof a new subsection as follows:

“(f) The restrictions and limitations set forth in subsection (c) of this section shall not apply to assistance to municipalities, other political subdivisions and instrumentalities of one or more States, and Indian tribes, for specific projects for cultural centers, including but not limited to, museums, art centers and galleries, and theaters and other physical facilities for the performing arts, which would be of cultural, educational, and informational value to the communities and areas where the centers would be located.”

APPLYING ADVANCES IN TECHNOLOGY TO HOUSING AND URBAN DEVELOPMENT

SEC. 1010. (a) To encourage and assist the housing industry to continue to reduce the cost and improve the quality of housing by the application to home construction of advances in technology, and to encourage and assist the application of advances in technology to urban development activities, the Secretary of Housing and Urban Development (hereinafter referred to as the “Secretary”) is directed to—

(1) conduct research and studies to test and demonstrate new and improved techniques and methods of applying advances in technology to housing construction, rehabilitation, and maintenance, and to urban development activities; and

(2) encourage and promote the acceptance and application of new and improved techniques and methods of constructing, rehabilitating, and maintaining housing, and the application of advances in technology to urban development activities, by all segments of the housing industry, communities, industries engaged in urban development activities, and the general public.

(b) Research and studies conducted under this section shall be designed to test and demonstrate the applicability to housing construction, rehabilitation, and maintenance, and urban development activities, of advances in technology relating to (1) design concepts, (2) construction and rehabilitation methods, (3) manufacturing processes, (4) materials and products, and (5) building components.

(c) The Secretary is authorized to carry out the research and studies authorized by this section either directly or by contract with public or private bodies or agencies, or by working agreement with departments and agencies of the Federal Government, as he may determine to be desirable. Contracts may be made by the Secretary for research and studies authorized by this section for work to continue not more than two years from the date of any such contract.

(d) There are authorized to be appropriated to carry out the provisions of this section not to exceed \$5,000,000 for the fiscal year ending June 30, 1967, and not to exceed \$10,000,000 for the fiscal year ending June 30, 1968. All funds so appropriated shall remain available until expended.

(e) Nothing contained in this section shall limit any authority of the Secretary under title III of the Housing Act of 1948, section 602 of the Housing Act of 1956, or any other provision of law.

63 Stat. 431.
12 USC 1701e-
1701f-1.
70 Stat. 1113.
12 USC 1701d-3.

URBAN ENVIRONMENTAL STUDIES

SEC. 1011. (a) The Congress finds that, with the ever-increasing concentration of the Nation's population in urban centers, there has occurred a marked change in the environmental conditions under which most people live and work; that such change is characterized by the progressive substitution of a highly complex, man-contrived environment for an environment conditioned primarily by nature; that the beneficent or malignant influence of environment on all living creatures is well recognized; and that much more knowledge is urgently needed concerning the effect on human beings of highly urbanized surroundings. It is the purpose of this section to authorize a comprehensive program of research, studies, surveys, and analyses to improve understanding of the environmental conditions necessary for the well-being of an urban society, and for the intelligent planning and development of viable urban centers.

(b) In order to carry out the purpose of this section, the Secretary is authorized and directed to—

(1) conduct studies, surveys, research, and analyses with respect to the ecological factors involved in urban living;

(2) document and define urban environmental factors which need to be controlled or eliminated for the well-being of urban life;

(3) establish a system of collecting and receiving information and data on urban ecological research and evaluations which are in process or are being planned by public or private agencies, or individuals;

(4) evaluate and disseminate information pertaining to urban ecology to public and private agencies or organizations, or individuals, in the form of reports or otherwise;

(5) initiate and utilize urban ecological information in urban development projects initiated or assisted by the Department of Housing and Urban Development; and

(6) establish through interagency consultation the coordinated utilization of urban ecological information in projects undertaken or assisted by the Federal Government which affect the growth or development of urban areas.

(c) (1) The Secretary is authorized to establish such advisory committees as he deems desirable for the purpose of rendering advice and submitting recommendations for carrying out the purpose of this section. Such advisory committees shall render such advice to the Secretary upon his request and may submit such recommendations to the Secretary at any time on their own initiative. The Secretary may designate employees of the Department of Housing and Urban Development to assist such committees.

Advisory com-
mittees.

(2) Members of such advisory committees shall receive not to exceed \$100 per day when engaged in the actual performance of their duties, in addition to reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties.

(d) The Secretary is authorized to carry out the studies, surveys, research, and analyses authorized by this section either directly or by contract with public or private bodies or agencies, or by working agreement with departments and agencies of the Federal Government, as he may determine to be desirable. Contracts may be made by the Secretary for work under this subsection to continue not more than two years from the date of any such contract.

(e) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section. All funds so appropriated shall remain available until expended when so provided in appropriation Acts.

MORTGAGE RELIEF FOR CERTAIN HOMEOWNERS

SEC. 1012. That part of section 107 of the Housing and Urban Development Act of 1965 which precedes subsection (f) is amended to read as follows:

"MORTGAGE RELIEF FOR CERTAIN HOMEOWNERS

"SEC. 107. (a) For the purposes of this section—

"(1) The term 'mortgage' means a mortgage which (A) is insured under the National Housing Act, or (B) secures a home loan guaranteed or insured under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code.

"(2) The term 'Federal mortgage agency' means—

"(A) the Secretary of Housing and Urban Development when used in connection with mortgages insured under the National Housing Act, and

"(B) the Administrator of Veterans' Affairs when used in connection with mortgages securing home loans guaranteed or insured under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code.

"(3) The term 'distressed mortgagor' means an individual who—

"(A) was employed by the Federal Government at, or was assigned as a serviceman to, a military base or other Federal installation and whose employment or service at such base or installation was terminated subsequent to November 1, 1964, as the result of the closing (in whole or in part) of such base or installation; and

"(B) is the owner-occupant of a dwelling situated at or near such base or installation and upon which there is a mortgage securing a loan which is in default because of the inability of such individual to make payments due under such mortgage.

"(b)(1) Any distressed mortgagor, for the purpose of avoiding foreclosure of his mortgage, may apply to the appropriate Federal mortgage agency for a determination that suspension of his obligation to make payments due under such mortgage during a temporary period is necessary in order to avoid such foreclosure.

"(2) Upon receipt of an application made under this subsection by a distressed mortgagor, the Federal mortgage agency shall issue to such mortgagor a certificate of moratorium if it determines, after consultation with the interested mortgagee, that such action is necessary to avoid foreclosure.

"(3) Prior to the issuance to any distressed mortgagor of a certificate of moratorium under paragraph (2), the Federal mortgage agency, the mortgagor, and the mortgagee shall enter into a binding agreement under which—

"(A) the mortgagor will be required to make payments to such agency, after the expiration of such certificate, in an aggregate amount equal to the amount paid by such agency on behalf of such mortgagor as provided in subsection (c), together with interest thereon at a rate not to exceed the rate provided in the mortgage; the manner and time in which such payments shall be made to be

79 Stat. 458.
12 USC 1735g.

12 USC 1701.

58 Stat. 284;
72 Stat. 1273.
72 Stat. 1203.
38 USC 1801-
1826.

determined by the Federal mortgage agency having due regard for the purposes sought to be achieved by this section; and

“(B) the Federal mortgage agency will be subrogated to the rights of the mortgagee to the extent of payments made pursuant to such certificate, which rights, however, shall be subject to the prior right of the mortgagee to receive the full amount payable under the mortgage.

“(4) Any certificate of moratorium issued under this subsection shall expire on whichever of the following dates is the earliest—

“(A) two years from the date on which such certificate was issued;

“(B) thirty days after the date on which the mortgagor gives notice in writing to the Federal mortgage agency that he is able to resume his obligation to make payments due under his mortgage; or

“(C) thirty days after the date on which the Federal mortgage agency determines that the mortgagor to whom such certificate was issued has ceased to be a distressed mortgagor as defined in subsection (a) (3).

“(c) (1) Whenever a Federal mortgage agency issues a certificate of moratorium to any distressed mortgagor with respect to any mortgage, it shall transmit to the mortgagee a copy of such certificate, together with a notice stating that, while such certificate is in effect, such agency will assume the obligation of such mortgagor to make payments due under the mortgage.

“(2) Payments made by any Federal mortgage agency pursuant to a certificate of moratorium issued under this section with respect to the mortgage of any distressed mortgagor may include, in addition to the payments referred to in paragraph (1), an amount equal to the unpaid payments under such mortgage prior to the issuance of such certificate, plus a reasonable allowance for foreclosure costs actually paid by the mortgagee if a foreclosure action was dismissed as a result of the issuance of a moratorium certificate. Payments by the Federal mortgage agency may also include payments of taxes and insurance premiums on the mortgaged property as deemed necessary when these items are not provided for through payments to a tax and insurance account held by the interested mortgagee.

“(3) While any certificate of moratorium issued under this section is in effect with respect to the mortgage of any distressed mortgagor, no further payments due under the mortgage shall be required of such mortgagor, and no action (legal or otherwise) shall be taken or maintained by the mortgagee to enforce or collect such payments. Upon the expiration of such certificate, the mortgagor shall again be liable for the payment of all amounts due under the mortgage in accordance with its terms.

“(4) Each Federal mortgage agency shall give prompt notice in writing to the interested mortgagor and mortgagee of the expiration of any certificate of moratorium issued by it under this section.

“(d) The Federal mortgage agencies are authorized to issue such individual and joint regulations as may be necessary to carry out this section and to insure the uniform administration thereof.

“(e) There shall be in the Treasury (1) a fund which shall be available to the Secretary of Housing and Urban Development for the purpose of extending financial assistance in behalf of distressed mortgagors as provided in subsection (c) and for paying administrative expenses incurred in connection with such assistance, and (2) a fund which shall be available to the Administrator of Veterans' Affairs for the same purpose, except administrative expenses. The capital of each

Investment of
moneys.

such fund shall consist of such sums as may, from time to time, be appropriated thereto, and any sums so appropriated shall remain available until expended. Receipts arising from the programs of assistance under subsection (c) shall be credited to the fund from which such assistance was extended. Moneys in either of such funds not needed for current operations, as determined by the Secretary of Housing and Urban Development, or the Administrator of Veterans' Affairs, as the case may be, shall be invested in bonds or other obligations of the United States, or paid into the Treasury as miscellaneous receipts."

ACQUISITION OF CERTAIN PROPERTIES SITUATED AT OR NEAR MILITARY
BASES WHICH HAVE BEEN ORDERED TO BE CLOSED

SEC. 1013. (a) Notwithstanding any other provision of law, the Secretary of Defense is authorized to acquire title to, hold, manage, and dispose of, or, in lieu thereof, to reimburse for certain losses upon private sale of, or foreclosure against, any property improved with a one- or two-family dwelling which is situated at or near a military base or installation which the Department of Defense has, subsequent to November 1, 1964, ordered to be closed in whole or in part, if he determines—

(1) that the owner of such property is, or has been, a Federal employee employed at or in connection with such base or installation (other than a temporary employee serving under a time limitation) or a serviceman assigned thereto;

(2) that the closing of such base or installation, in whole or in part, has required or will require the termination of such owner's employment or service at or in connection with such base or installation; and

(3) that as the result of the actual or pending closing of such base or installation, in whole or in part, there is no present market for the sale of such property upon reasonable terms and conditions.

(b) In order to be eligible for the benefits of this section such employees or military personnel must be or have been—

(1) assigned to or employed at or in connection with the installation or activity at the time of public announcement of the closure action,

(2) transferred from such installation or activity, or terminated as employees as a result of reduction-in-force, within six months prior to public announcement of the closure action, or

(3) transferred from the installation or activity on an overseas tour unaccompanied by dependents within fifteen months prior to public announcement of the closure action:

Provided, That, at the time of public announcement of the closure action, or at the time of transfer or termination as set forth above, such personnel or employees must—

(i) have been the owner-occupant of the dwelling, or

(ii) have vacated the owned dwelling as a result of being ordered into on-post housing during a six-month period prior to the closure announcement:

Provided further, That as a consequence of such closure such employees or personnel must—

(i) be required to relocate because of military transfer or acceptance of employment beyond a normal commuting distance from the dwelling for which compensation is sought, or

(ii) be unemployed, not as a matter of personal choice, and able to demonstrate such financial hardship that they are unable to meet their mortgage payments and related expenses.

(c) Such persons as the Secretary of Defense may determine to be eligible under the criteria set forth above shall elect either (1) to receive a cash payment as compensation for losses which may be or have been sustained in a private sale, in an amount not to exceed the difference between (A) 95 per centum of the fair market value of their property (as such value is determined by the Secretary of Defense) prior to public announcement of intention to close all or part of the military base or installation and (B) the fair market value of such property (as such value is so determined) at the time of the sale, or (2) to receive, as purchase price for their property, an amount not to exceed 90 per centum of prior fair market value as such value is determined by the Secretary of Defense, or the amount of the outstanding mortgages. Cash payment as compensation for losses sustained in a private sale shall not be made in any case in which the property is encumbered by a mortgage loan guaranteed, insured, or held by a Federal agency unless such mortgage loan is paid, assumed by a purchaser satisfactory to such Federal agency, or otherwise fully satisfied at or prior to the time such cash payment is made. Except in cases of payment as compensation for losses, in the event of foreclosure by mortgagees commenced on or after public announcement of intention to close all or part of the military base or installation and prior to the one hundred and twentieth day after the enactment of this Act, the Secretary of Defense may reimburse or pay on account of eligible persons such sums as may be paid or be otherwise due and owing by such persons as the result of such foreclosure, including (without limiting the generality of the foregoing) direct costs of judicial foreclosure, expenses and liabilities enforceable according to the terms of their mortgages or promissory notes, and the amount of debts, if any, established against such persons by a Federal agency in the case of loans made, guaranteed, or insured by such agency following liquidation of the security for such loans.

(d) There shall be in the Treasury a fund which shall be available to the Secretary of Defense for the purpose of extending the financial assistance provided above. The capital of such fund shall consist of such sums as may, from time to time, be appropriated thereto, and shall consist also of receipts from the management, rental, or sale of properties acquired under this section, which receipts shall be credited to the fund and shall be available, together with funds appropriated therefor, for purchase or reimbursement purposes as provided above, as well as to defray expenses arising in connection with the acquisition, management, and disposal of such properties, including payment of principal, interest, and expenses of mortgages or other indebtedness thereon, and including the cost of staff services and contract services, costs of insurance, and other indemnity. Any part of such receipts not required for such expenses shall be covered into the Treasury as miscellaneous receipts. Properties acquired under this section shall be conveyed to, and acquired in the name of, the United States. The Secretary of Defense shall have the power to deal with, rent, renovate, and dispose of, whether by sales for cash or credit or otherwise, any properties so acquired: *Provided, however,* That no contract for acquisition, or acquisition, shall be deemed to constitute a contract for or acquisition of family housing units in support of military installations or activities within the meaning of section 406(a) of the Act of August 30, 1957 (42 U.S.C. 1594i), nor shall it be deemed a transaction within the contemplation of section 2662 of title 10, United States Code.

73 Stat. 321.

74 Stat. 186.

(e) Payments from the fund created by this section may be made in lieu of taxes to any State or political subdivision thereof, with respect to real property, including improvements thereon, acquired

and held under this section. The amount so paid for any year upon such property shall not exceed the taxes which would be paid to the State or subdivision, as the case may be, upon such property if it were not exempt from taxation, and shall reflect such allowance as may be considered appropriate for expenditures, if any, by the Government for streets, utilities, or other public services to serve such property.

(f) The title to any property acquired under this section, the eligibility for, and the amounts of, cash payable, and the administration of the preceding provisions of this section, shall conform to such requirements, and shall be administered under such conditions and regulations, as the Secretary of Defense may prescribe. Such regulations shall also prescribe the terms and conditions under which payments may be made and instruments accepted under this section, and all the determinations and decisions made pursuant to such regulations by the Secretary of Defense regarding such payments and conveyances and the terms and conditions under which they are approved or disapproved, shall be final and conclusive and shall not be subject to judicial review.

(g) The Secretary of Defense is authorized to enter into such agreement with the Secretary of Housing and Urban Development as may be appropriate for the purposes of economy and efficiency of administration of this section. Such agreement may provide authority to the Secretary of Housing and Urban Development and his designee to make any or all of the determinations and take any or all of the actions which the Secretary of Defense is authorized to undertake pursuant to the preceding provisions of this section. Any such determinations shall be entitled to finality to the same extent as if made by the Secretary of Defense, and, in event the Secretaries of Defense and Housing and Urban Development so elect, the fund established pursuant to subsection (d) of this section shall be available to the Secretary of Housing and Urban Development to carry out the purposes thereof.

(h) Section 223(a)(8) of the National Housing Act is amended to read as follows:

“(8) executed in connection with the sale by the Government of any housing acquired pursuant to section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966.”

(i) No funds may be appropriated for the acquisition of any property under authority of this section unless such funds have been specifically authorized for such purpose in a military construction authorization act, and no moneys in the fund created pursuant to subsection (d) of this section may be expended for any purpose except as may be provided in appropriation Acts.

(j) Section 108 of the Housing and Urban Development Act of 1965 is repealed.

COLLEGE HOUSING

SEC. 1014. (a) Section 404(b)(4) of the Housing Act of 1950 is amended by striking out “public” immediately before “educational institution”.

(b) Section 401(d) of such Act is amended by inserting before the period at the end thereof the following: “and, notwithstanding the first proviso of this subsection, the amount of this annual increase which is not utilized for loans for hospitals may be utilized for loans for other educational facilities, as defined herein”.

79 Stat. 461.
12 USC 1715n.

Repeal.
79 Stat. 460.
12 USC 1735h.

71 Stat. 304.
12 USC 1749c.

73 Stat. 681.
12 USC 1749.

STUDY CONCERNING RELIEF OF HOMEOWNERS IN PROXIMITY TO AIRPORTS

SEC. 1015. Section 1113 of the Housing and Urban Development Act of 1965 is amended—

79 Stat. 509.
12 USC 1701d-3
note.

(1) by inserting "(a)" after "SEC. 1113.";

(2) by striking out "one year after the date of the enactment of this Act" and inserting in lieu thereof "six months after the date of the enactment of the Demonstration Cities and Metropolitan Development Act of 1966"; and

(3) by adding at the end thereof the following new subsection:

"(b) There is authorized to be appropriated the sum of \$100,000 to carry out subsection (a)."

QUARTERS AND FACILITIES FOR FEDERAL HOME LOAN BANKS AND
THE FEDERAL HOME LOAN BANK BOARD

SEC. 1016. (a) The second sentence of section 12 of the Federal Home Loan Bank Act (12 U.S.C. 1432) is amended by striking out "but no bank building shall be bought or erected to house any such bank, nor shall any such bank make any lease" and inserting in lieu thereof "but, except with the prior approval of the board, no bank building shall be bought or erected to house any such bank, or leased by such bank under any lease".

47 Stat. 735.

(b) Section 18 of such Act (12 U.S.C. 1438) is amended—

(1) by adding at the end of subsection (b) the following new sentence: "Such assessments may include such amounts as the board may deem advisable for carrying out the provisions of subsection (c) of this section."; and

(2) by adding at the end thereof the following new subsection:

"(c) (1) The board, utilizing the services of the Administrator of General Services (hereinafter referred to as the 'Administrator'), and subject to any limitation hereon which may hereafter be imposed in appropriation Acts, is hereby authorized—

"(A) to acquire, in the name of the United States, real property in the District of Columbia, for the purposes set forth in this subsection;

"(B) to construct, develop, furnish, and equip such buildings thereon and such facilities as in its judgment may be appropriate to provide, to such extent as the board may deem advisable, suitable and adequate quarters and facilities for the board and the agencies under its administration or supervision;

"(C) to enlarge, remodel, or reconstruct any of the same; and

"(D) to make or enter into contracts for any of the foregoing.

"(2) The board may require of the respective banks, and they shall make to the board, such advances of funds for the purposes set out in paragraph (1) as in the sole judgment of the board may from time to time be advisable. Such advances shall be in addition to the assessments authorized in subsection (b) and shall be apportioned by the board among the banks in proportion to the total assets of the respective banks, determined in such manner and as of such times as the board may prescribe. Each such advance shall bear interest at the rate of $4\frac{1}{2}$ per centum per annum from the date of the advance and shall be repaid by the board in such installments and over such period, not longer than twenty-five years from the making of the advance, as the board may determine. Payments of interest and principal upon such advances shall be made from receipts of the board or from other sources which may from time to time be available to the board. The obligation of the board to make any such payment shall not be

80 STAT. 1294

regarded as an obligation of the United States. To such extent as the board may prescribe any such obligation shall be regarded as a legal investment for the purposes of subsections (g) and (h) of section 11 and for the purposes of section 16.

"(3) The plans and designs for such buildings and facilities and for any such enlargement, remodeling, or reconstruction shall, to such extent as the chairman of the board may request, be subject to his approval.

"(4) Upon the making of arrangements mutually agreeable to the board and the Administrator, which arrangements may be modified from time to time by mutual agreement between them and may include but shall not be limited to the making of payments by the board and such agencies to the Administrator and by the Administrator to the board, the custody, management, and control of such buildings and facilities and of such real property shall be vested in the Administrator in accordance therewith. Until the making of such arrangements such custody, management, and control, including the assignment and allotment and the reassignment and reallocation of building and other space, shall be vested in the board.

"(5) Any proceeds (including advances) received by the board in connection with this subsection, and any proceeds from the sale or other disposition of real or other property acquired by the board under this subsection, shall be considered as receipts of the board, and obligations and expenditures of the board and such agencies in connection with this subsection shall not be considered as administrative expenses. As used in this subsection, the term 'property' shall include interests in property.

"(6) With respect to its functions under this subsection the board shall (A) annually prepare and submit a budget program as provided in title I of the Government Corporation Control Act with regard to wholly owned Government corporations, and for purposes of this sentence, the terms 'wholly owned Government corporations' and 'Government corporations', wherever used in such title, shall include the board, and (B) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions as provided in such title, and no other audit, settlement, or adjustment shall be required with respect to transactions under this subsection or with respect to claims, demands, or accounts by or against any person arising thereunder. The first budget program shall be for the first full fiscal year beginning on or after the date of the enactment of this subsection, and the first audit shall be for the remainder of the fiscal year in which this subsection is enacted. Except as otherwise provided in this subsection or by the board, the provisions of this subsection and the functions thereby or thereunder subsisting shall be applicable and exercisable notwithstanding and without regard to the Act of June 20, 1938 (D.C. Code, secs. 5-413-5-428), except that the proviso of section 16 thereof shall apply to any building constructed under this subsection, and section 306 of the Act of July 30, 1947 (61 Stat. 584), or any other provision of law relating to the construction, alteration, repair, or furnishing of public or other buildings or structures or the obtaining of sites therefor, but any person or body in whom any such function is vested may provide for delegation or redelegation of the exercise of such function.

"(7) No obligation shall be incurred and no expenditure, except in liquidation of obligation, shall be made pursuant to the first two subparagraphs of paragraph (1) of this subsection if the total amount of all obligations incurred pursuant thereto would thereupon exceed

Budget program
preparation.59 Stat. 597.
31 USC 841-852.

GAO audit.

52 Stat. 797.

40 USC 129.

\$13,200,000, or such greater amount as may be provided in an appropriation Act or other law."

SMALL BUSINESS ACT

SEC. 1017. Paragraph (1) of section 8(b) of the Small Business Act is amended by inserting "(A)" after "(1)", by inserting "and" after "Administration;", and by adding at the end thereof a new subparagraph as follows:

72 Stat. 389.
15 USC 637.

"(B) to allow an individual or group of persons cooperating with it in furtherance of the purposes of subparagraph (A) to make such use of its office facilities and related materials and services as it deems appropriate;"

USE OF CERTAIN LANDS FOR CIVIL DEFENSE PURPOSES

SEC. 1018. Section 2 of the Act entitled "An Act to provide for the conveyance of a tract of land in Prince Georges County, Maryland, to the State of Maryland for use as a site for a National Guard Armory and for training the National Guard or for other military purposes", approved August 10, 1949 (63 Stat. 592), is amended by striking out "The land" and inserting in lieu thereof "(a) Except as provided in subsection (b) of this section, the land" and by adding at the end thereof the following new subsection:

"(b) The Secretary of Housing and Urban Development shall execute the necessary instrument or instruments to provide that a certain portion of land, not to exceed two acres, on the easterly side of the land described in the first section of this Act, as more particularly determined and designated by the Secretary of the Army, may be used for civil defense or other emergency preparedness purposes or the purposes stated in subsection (a) and that such use shall not cause the reverter clause set forth herein to become operable."

MORTGAGE INSURANCE FOR LAND DEVELOPMENT—CLARIFYING AMENDMENTS

SEC. 1019. Section 1001(d) of the National Housing Act is amended—

79 Stat. 462.
12 USC 1749aa.

(1) by striking out "sewerage disposal installations," and inserting in lieu thereof "sewage disposal installations, steam, gas, and electric lines and installations,";

(2) by striking out the semicolon after "or common use", and inserting in lieu thereof a period and the following new sentence: "Related uses may include industrial uses, with sites for such uses to be in proper proportion to the size and scope of the development.";

(3) by striking out "but such term" and inserting in lieu thereof: "The term improvements"; and

(4) by inserting after "sewage disposal installation," in clause (1) the following: "or a steam, gas, or electric line or installation,".

MISCELLANEOUS AND TECHNICAL AMENDMENTS

SEC. 1020. (a) Section 106(d) of the Housing Act of 1949 is repealed.

63 Stat. 419.
42 USC 1456.

(b) Section 227(a) of the National Housing Act is amended by striking out "subsection (b) (2)" in clause (vi) and inserting in lieu thereof "subsection (b)".

68 Stat. 607.
12 USC 1715r.

71 Stat. 299.

12 USC 1720.

68 Stat. 620.

12 USC 1723.

12 USC 1731a.

12 USC 1749aa.

12 USC 1702.

69 Stat. 636.

12 USC 1715e

note.

12 USC 1715e,

17151, 1701s.

(c) The last sentence of section 305(e) of the National Housing Act is amended by striking out "supplementing" and inserting in lieu thereof "supplementary".

(d) Section 308 of the National Housing Act is amended by striking out "(a)".

(e) Section 512 of the National Housing Act is amended by striking out "or IX" and inserting in lieu thereof "IX, X, or XI".

(f) Section 1001(c) of the National Housing Act is amended by striking out "mortgage" and inserting in lieu thereof "mortgagee".

(g) Section 1 of the National Housing Act is amended by striking out "and X" wherever it appears and inserting in lieu thereof "X, and XI".

(h) Section 102(h) of the Housing Amendments of 1955 is amended by striking out "section 213 of the National Housing Act, as amended, the Commissioner" and inserting in lieu thereof "section 213 of the National Housing Act, section 221(d)(3) of the National Housing Act, and section 101 of the Housing and Urban Development Act of 1965 (insofar as the provisions of such sections relate to cooperative housing), the Secretary of Housing and Urban Development", and by striking out "such section" each place it appears and inserting in lieu thereof "such sections".

Approved November 3, 1966.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 1931 (Comm. on Banking & Currency) and No. 1699 Parts I-III accompanying H. R. 15890 (Comm. on Banking & Currency) and No. 2301 (Comm. of Conference).

SENATE REPORTS: No. 1439 (Comm. on Banking & Currency) and No. 1455 accompanying S. 3711 (Comm. on Banking & Currency).

CONGRESSIONAL RECORD, Vol. 112 (1966):

S. 3711: Aug. 11, 12, considered and passed Senate.

S. 3708: Aug. 18, 19, considered and passed Senate.

Oct. 13, 14, considered and passed House,
amended, in lieu of H. R. 15890.

Oct. 18, Senate agreed to conference report.

Oct. 20, House agreed to conference report.

